

DATA
PROCESSING

On-line computer services

ICL launches ME29 for local terminal users

LAUNCHING a new processor in its ME29 range, ICL head office is also discreetly looking to lift national branches in this part of the world out of their depression, by reminding them of the company's successes.

But there is obviously more than the new model and a bit of "gingering up" of the sales force involved in the company's "re-promotion" of its small machine.

It could well prove to be an

integral element in the company's avowed direction for the future under its new management — a stronger approach to the "automated office".

Along with a mid-range model which directly attacks the IBM 4331 group, I distributed processing machine, ICL has boosted the "local" terminal handling capabilities of the ME29.

Veiled hints are beginning to emerge of an ICL "local area network" discipline, specifically

designed to allow items of computer and office equipment to communicate simply over a flexible network within the same building or adjacent buildings.

Mike Reardon, ME29 marketing manager, visiting this country as part of the "re-promotion" exercise, declined to comment on any specific ICL local area network plans, beyond saying that LAN's were "a significant factor for the future".

On the more conventional communications front, the ME29's "local" terminal support has been upgraded, from 24 to 56 terminals.

Terminals can now be "multi-dropped" — strung along a single communications line — and can operate "locally", without involving Post Office lines, up to two kilometres away from the central processor.

A new small 80-character per line, 80-character per second printer gives the local terminal operator inexpensive hard-copy output, said Reardon.

Within "two to four years", Reardon predicted, the ME29 would replace "the vast majority" of ICL's previous small business machines, the 2903 family.

While the numbers are similar, the small "2903" machines are very different in internal organisation and task-running environment from the large machines; ICL has tried various strategies to bridge the gap, but the prospective replacement of 2903s by ME29s changes the picture again.

The ME29 has provision for accommodating 2903-style

operating environments, and from these, the user can progress by using a few at a time of the specialist features of the ME29 and easing into a full ME29 environment, said Reardon.

One ME29 user, he said, had accused ICL of being about the case of transition from 2903. "You said the transition was trivial; there's no transition at all."

What about the user who put the top of the ME29 range?

There was still a bit of a leap to the large 2900 environment, Reardon admitted, but he questioned the reality of the software "time" problem. In an environment of rapid business change, applications programs had a limited life anyway, and a moving population of programs made the shift to another operating environment easier.

But at this point, he came back to the "distribution" concept: expansion need not be to a single bigger machine, he stressed. The distributed processing solution — several ME29s connected in a network — was a feasible next stage, he suggested.

With the fall in price of hardware, the economies of scale

represented by centralised processing became less significant. The modern manager had to establish well-defined procedures, and is increasingly using the centralised department, "how can you expect me to run my profit centre here and my DP elsewhere?"

The distributed processing concept has come under attack recently, notably from US expert Herb Grosch (NBR 10 20). It did have its drawbacks, particularly from a size point of view, Reardon acknowledged, but post-communications discipline life ICL's "offer the choice" of distributed or centralised processing.

The new ME29 processes an intermediate model, between the current 35 and 40 called, with the logic well come to expect from the industry, the Model 37. "It wasn't quite halfway down and we could handle calls," — IBM has already emptied that number for its more adventurous models.

The 37 would allow us make a direct comparison: IBM's 1381, a computer which clearly works at ICL's favour at present.

Gigi (explanation deleted) reticent

DESPITE widespread advertising in the United States for its Gigi microcomputer/terminal, Digital Equipment still doesn't want any publicity to leak out before the "big local presentation" scheduled for next month.

NBR's former stable-mate NZ Data Processing introduced the machine to its readers back in December last year, reporting that New Zealand, Australia and Canada had been selected as initial test markets for the machine, before its release in Digital's home market, the United States.

There had still not been an official United States release of the terminal, Digital said last week, but people who want to find out all about this interesting machine, with its powerful colour graphics, need only look up some of the recent American technical press, plastered with "pre-release" advertisements.

Indeed, these advertisements are already beginning to hint that Digital made a bit of a mistake in assessing its original market for Gigi.

The reason for selecting us, Australia and Canada for first release, was our high proportion of educational users of Digital machines. Gigi was seen as an educational aid.

Now, the company has decided, the unreleased machine is "more than an educational terminal" and worthy of a pitch to business users.

Last week, NBR's computer writer sought his own "pre-release" look at the machine, by sneaking (none too secretly) into a demonstration put on for the benefit of the DSIR.

The Digital people knew him, were welcoming and answered all his questions (well, nearly all).

Later in the day, we got a telephone call. Sorry, but we couldn't say anything about Gigi yet, because she hadn't been formally released.

So we can't tell you anything about the machine, other than what we already knew before the DSIR event.

It appears, anyway, that Gigi

(General Imaging Generator and Interpreter) has versatile colour graphics, and text processing software, which would make it almost as suitable for a businessperson of an adventurous turn of mind as for educational use.

In the latter area it appears far more relevant to universities, than to the currently "hot" schools market, since it essentially requires a backup machine.

It does have the capacity to run in stand-alone mode, programmed in Basic, but there is precious little room for users' programs, once you've put in all the software.

Still, that's a problem remedied with add-on memory, and Gigi becomes more formally as the ME29 may yet turn out to be the entry to the "personal computer" market.

It suits quite neatly on a five desk, and could be a real boon to the manager who wants pull figures off the computer machine and type them as a graph, bar chart, or format a slide-looking report.

Within the next month or so, Digital will make its big splash and we can tell you the rest of the story (including the price).



Australian
Trade Commission

MARKETING OFFICER

An interesting and challenging position of a second Marketing Officer has become available on the staff of the Australian Senior Trade Commissioner in Wellington.

The successful applicant should have some experience in private enterprise or Government and will be directly involved with existing Australian exporters and New Zealand Importers and should have a background and interest in marketing-related fields. Salary to be negotiated around \$16,000.

Applications by 14 August in writing to the first instance to The Senior Trade Commissioner, P.O. Box 12-145, Wellington.

NEW ZEALAND'S
NATIONAL WEEKLY OF
BUSINESS, POLITICS
AND ECONOMICS

Incorporating Admark and
NZ Data Processing

\$1.00

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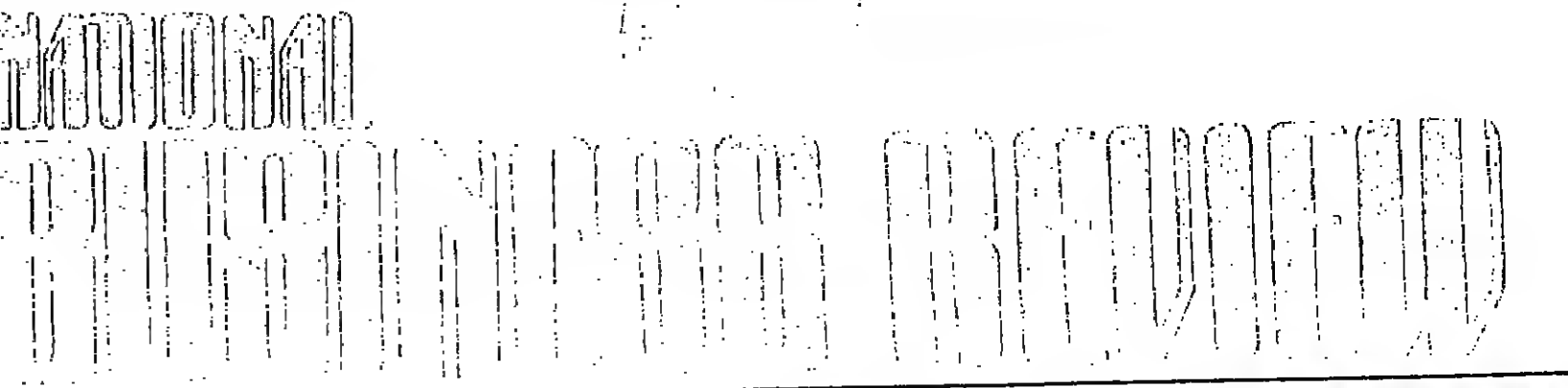
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Marsden Point... pay problems and pipelines previewing project pickles?

On-site infighting bodes ill for growth projects

by Allan Parker

WITH firm investment decisions made on only 20 per cent of the proposed "think big" projects, factional infighting among interested parties threatens to disrupt the Government's 10-year, multi-billion dollar development programme.

Recent events in Taranaki and Northland, regions where projects worth more than \$2 billion are proposed, have strengthened earlier fears about the vulnerability of the "growth strategy" projects to internal and external pressures.

NBR has identified at least five current disputes involving parties connected with the big projects programme.

Individually, each is worrying. Combined, they make ominous the long-term prospects of a smoothly run programme.

The disputes include:

- Continuing industrial action at the Marsden Point refinery site which is estimated to be costing at least \$60,000 a day;
- Allegations of tradesman-punching between project contractors in Taranaki that could escalate wage rates in the region;
- An inter-union demarcation dispute in Taranaki that has now involved the Federation of Labour and the Arbitration Court;
- Claims that overseas contractors are actively trying to source engineering work overseas that could be done by New Zealand companies; and
- Another claim that a state-owned company, Petrocorp, has acted irresponsibly by refusing to meet on safeguards that would prevent staff poaching and its consequent wage-spiralling.

At Marsden Point, there has been a continuing pay dispute between the New Zealand Refining Company and the refinery operators over the past six months. Just last week, the refinery came to a standstill when another continuing pay dispute with 35 maintenance workers ended in a total shutdown of the plant.

Another industrial dispute

Continued Page 11

TAANZ president reiterates his position

The president of the Travel Agents Association of New Zealand (TAANZ), Mr Alan Spence, has emphasised to National Business Review his personal opposition to and concern about illegal fare discounting. This opposition and concern is shared by his association as a matter of policy.

Mr Spence reaffirmed his position in response to a front-page article in this newspaper on July 27. The article stated that some TAANZ members were talking of "impairing" Mr Spence as their national president for selling illegal fares through his United Holidays consortium outlet — Watson Travel of Invercargill.

J E Watson and Company Limited is a well-known Invercargill mercantile firm which operates a travel department under the name of Watson's Travel. Mr Spence is the company travel manager.

Mr Spence has assured us — and we accept — that Watson's Travel has never offered for sale or sold illegal fares.

This newspaper therefore withdraws any suggestion that Mr Spence, in the course of his employment, or Watson's, in the course of their business, have been involved in the trading of illegal fares.

National Business Review regrets its error and unreservedly apologises to both Mr Spence and Watson's Travel.

Nice one,
Rob...
for this
year
anyway

by Klaus Sorensen

THE Muldoon election-year interest rate strategy seems to be working perfectly — but wait till next year.

The Minister of Finance has been publicly warning finance companies to keep their rates down while the traditional election-year liquidity boost is dampening rates anyway.

But the lid will eventually blow. Money market operators are picking a top debt rate of around 18 per cent by April or May next year.

The inflationary effect of the budget, and the current relaxation of liquidity, may take some nine months to filter through the economy before it is reflected in a rising inflation rate. So the Government will

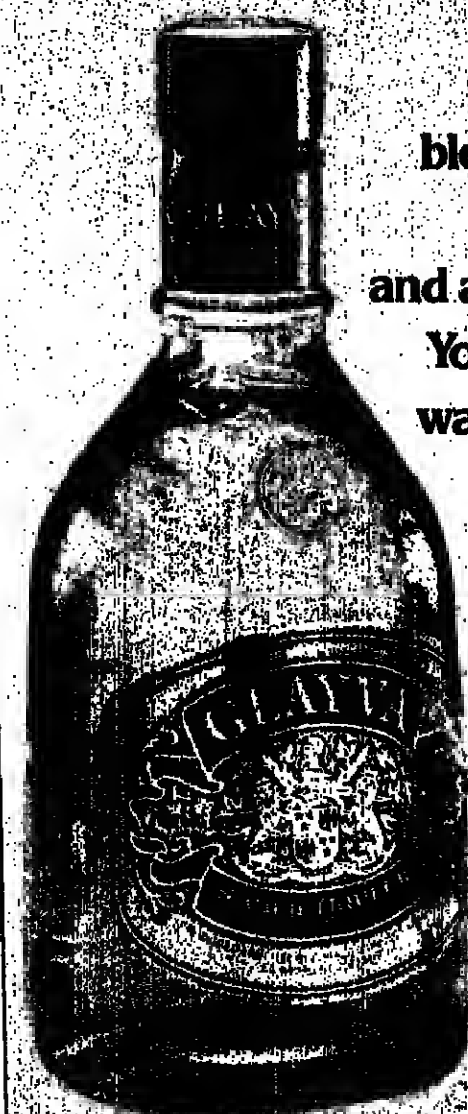
be forced to curb liquidity early next year — which will firm rates.

As well, there will be a rising demand for industrial finance as construction begins on the major projects, and the Government will have to raise finance for the Budget deficit, through Government stock borrowing.

The current Government stock rate of 13 per cent is expected to have moved up to between 15 and 16 per cent when the Government finally instructs the Reserve Bank to make a stock issue.

But while the threats to the finance companies have had little bearing on current rates and most finance company executives seem relatively un-

Continued Page 11



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Travel agent's problems puts pressure on bonding

by Warren Berryman

THE Travel Agents Association of New Zealand introduced its new bonding scheme last Monday, just as the consumer protection provisions offered by agency bonding were being put to the test.

New Zealand Insurance Company, TAANZ's bonding authority, came to the rescue of travellers overseas who had bought package tours from a travel agency in financial difficulty.

These travellers, having paid for their overseas accommodation, would almost certainly have been turned away from hotels by hoteliers worried about non-payment from the travel agency, had it not been for the bonding system.

Consumers are protected by the bond, but airlines and other trade creditors are not.

IATA airlines recently withdrew their plates (imprinting devices used to validate an air ticket in the name of one carrier) from Bolingbroke Travel, a package tour specialist with offices in Auckland and Christchurch.

IATA's bank settlement plan, the clearing house for all international ticket money, withdrew its ticket stocks and issued a notice of delinquency on Bolingbroke Travel on July 31.

Bolingbroke Travel has been given 10 days to pay over funds collected from the public, but not passed on to the BSP.

The amount owing to various airlines is understood to be more than \$120,000.

Bolingbroke Travel's major shareholder, Lord Bolingbroke, said the NZI was looking after the travellers. He said he could not give NBR as

exact figure on what was owed to the airlines, which he expected to rank along with hoteliers and others as unsecured creditors.

As the airlines were withdrawing their plates late last month, NZI put its own man in to work with Bolingbroke Travel management and keep travellers moving without delay or inconvenience.

NZI is also looking after consumers who have paid for tickets and not uplifted them or paid deposits on tickets.

Bolingbroke Travel's Dennis Wall recently replaced Lord Bolingbroke as managing director. Wall said that both Bolingbroke agencies were to be sold. He declined to name the buyer or buyers.

Apart from goodwill, Bolingbroke Travel's major asset is its IATA accreditation. This is

not transferable to a new owner.

IATA accreditation is granted by the agency investigation panel, an IATA body, which will not meet again till September.

Wall said the major cause of Travel's difficulties was the illegal discounting of air tickets by competitors.

"People no longer ask what the fare to London is. They ask what your fare is. We have a reputation we wouldn't like to see disappear in a court case," he said.

TAANZ changed its bonding system last Monday.

Under the old system, each TAANZ agent was bonded for \$20,000 and TAANZ was covered with an umbrella bond for \$230,000. Both risks were covered by NZI.

Under the new system, NZI carries the \$230,000 umbrella

bond until such time as TAANZ is ready to carry its own risk. TAANZ has levied members \$300 each to build up a bonding pool.

The \$20,000 member bond is no longer covered by NZI but by each individual agency through directors' indemnities.

The bond draws a distinction between consumer protection and commercial risk, covering the former and not the latter.

The Bolingbroke Travel risk is carried in total by NZI under the old system.

Under the new system,

TAANZ would have had after the travellers through its own bonding agent (a Wellington accountant) and the travel agency to recoup its expenses up to \$20,000.

The TAANZ bonding system last came to the aid of stranded travellers in the Wellington's Treasury Trust collapsed last year.

This collapse cost the bonding authority about \$40,000. The Bolingbroke case is the first time that a substantial loss has been owed to the

The week that was

THE Government threatened to impose youth wage rates by legislation if necessary.

WHANGAREI fishermen reacted against Government proposals to restrict access to the Hauraki Gulf.

CONSTRUCTION of the second geothermal power station was delayed by negotiations with the Maori owners of the Ohaki site and final Government approval for the project.

FRUIT-growers worried about fruit fly eggs entering New Zealand in Californian grapes or citrus fruit.

Week to be

MONDAY: Institute of Agricultural Science con-

vention, Massey University, Friday.

NZ Motor Carpenters AGM, Wellington.

TUESDAY: New Zealand Business Planning Soc AGM, Wellington.

Hawkins Holdings AGM, Hamilton.

Donaghy's Industries AGM, Hamilton.

Contractors Federation AGM, Hastings, to Friday.

THURSDAY: UEB Indus AGM, Wellington.

Brother Distributors AGM, Christchurch.

Motor Holdings AGM, Auckland.

FRIDAY: Dominion Brew AGM, Wellington.

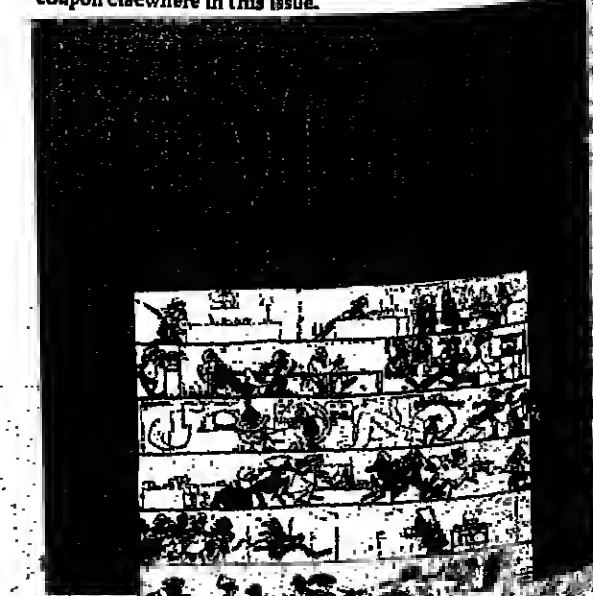
Grosvener Properties AGM, Auckland.

New Publication

The first complete guide for office decision-makers

The Office Book, published by Fourth Estate Periodicals, is specially designed to keep office decision-makers completely up-to-date with the rapidly changing office scene. The first issue of this impressive new annual includes authoritative articles exploring trends in a number of crucial fields including: employment (technological innovation and changing roles in the office), building (the creative development and new concepts in office building), ergonomics (the challenge to office designers and planners), word processing (progress, the revolution and a comparative guide to products, suppliers and prices).

As well, The Office Book's comprehensive directory section is designed to give office managers fingertip access to all companies providing office products and services in New Zealand — everything from paper clips to word processors. To order your copy of the brand-new and indispensable decision directory, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.



Trade mission challenge to FOL Chile ban

by Allan Parker

THE most serious challenge yet to the Federation of Labour's trade ban on Chile will come from a trade mission to South America next March. The mission will visit three countries — Brazil, Argentina and Chile.

It is being organised by the Owens Group, in association with the International division of the New Zealand Chambers of Commerce. That gives it a semi-official authority that will test the continuing ban on trade with Chile by the FOL.

The organisers are careful to insist that each country on the itinerary is of equal importance

to New Zealand trading interests. They are also aware of the political connotations behind the decision to include Chile.

Invitations to take part were mailed to businessmen and companies last week; all were aimed at individuals of chief international manager/general manager status and above.

Strong support from such a senior cross-section of the business community would give weight to the campaign to persuade the FOL that its ban is hurting New Zealand rather than Chile.

Owens Group chairman Bob Owens, inviting participation

in a mission brochure, says: "We believe that the various markets of South America hold considerable potential for New Zealand exporters and investors, our country's tourist industry, banking and investment concerns, and those involved in technology exchange."

"While individual companies and organisations will already have varying degrees of contact with South American companies, little has so far been done on a 'New Zealand incorporated' basis to examine the potential — particularly in the case of Brazil, Argentina and Chile."

Owens has previously voiced his feelings about the ban. Following a visit to Chile earlier this year, he said he would continue to fight the ban. "The Chileans are doing their best to put their house in order and New Zealand is the

only sufferer in this process," he said.

The Chambers of Commerce, too, have publicly opposed the ban. At last month's annual conference in Greymouth, the chambers moved a request that the FOL "urgently" reconsider its position.

"The motion also urges the FOL to satisfy itself that the continuation of the ban is sustainable. If the ban remains necessary (in the light of the attitudes of other trade union movements around the world) the motion calls for the FOL to take urgent steps to have the ban removed."

The federation has refused to bow to the mounting pressure to have the ban removed. Wellington political, trade and commercial circles believe, however, that the federation

would not be unhappy about lifting the embargo if a satisfactory face-saving formula could be found.

For that reason, they are reluctant to discuss openly the ban for fear of provoking a continuing FOL hard line.

At least one senior trade union official has privately blamed the continuing embargo on the public moves by employers and the Government to have it lifted. But even within the trade movement, opinion is understood to be divided about maintaining the ban.

So an invitation by Chilean trade unionists to New Zealand Freezing Works Clerical Union secretary Michael Cullen to visit Chile is being regarded as a test case for possible future invitations.

The Cullen invitation is a personal and union-union one;

as such it has nothing to do with the Chilean trade union movement or the FOL. Cullen is still awaiting a formal, written invitation to follow the verbal one he has already received.

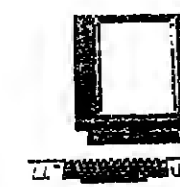
Acceptance, he told NBR last week, will "depend on the type of invitation, if there are no conditions". There was no suggestion of "strings attached" in the verbal invitation, he said. Chilean commercial counsellor Daniel Camus told NBR that there would "most probably" be an official reception for the trade mission when it arrives in Santiago next March.

Also, he said, there would probably be discussions with Chilean Government officials as well as private industry representatives.

Such official credibility will add to the pressure for the embargo to be lifted.

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(Of course, it doesn't have Mary's big brown eyes. But it does have a lot of other things going for it.)

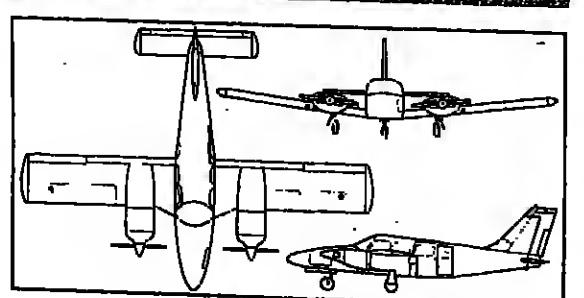
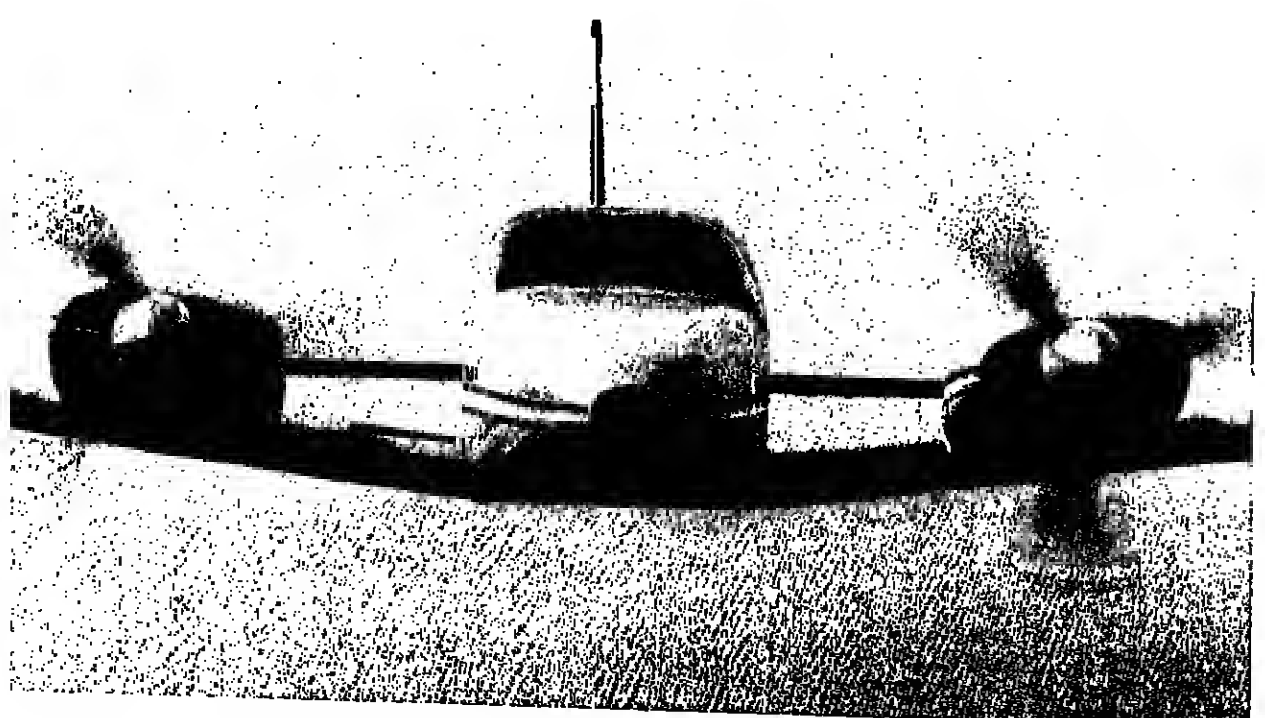
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Auckland trade fair may be last of its kind

by Lindsey Dawson

THE 1981 New Zealand International Trade Fair, which ended last week in Auckland, may well be the last of its type held in that city.

Participants were generally pleased with the sales results, but a deep groundswell of opinion suggests many countries would prefer specialist fairs.

The Australians were "ecstatic" about the success of their display — but they were the only country which decided on an industrial theme and had all exhibitors "get in behind".

"All of our 49 exhibitors met their own company objectives and the majority of them have by far exceeded that figure," said Dick Wilson, director of the Australian display — a blaze of yellow, green and royal blue with hostesses suited-up to match.

The British commercial consul, James Travis, said the fair had been "well worth doing", but that the Consulate-General would rather support a specialist-type fair than a general exhibition.

"All things being equal we will respond to pressure to come again, but we don't take the view that it is any of our business to lead in determining what type of fair should be held," he said.

It was up to New Zealand industry and New Zealand fair promoters and exhibitors to decide what they want to do and offer it to the international business community.

West German trade officer Rudolf Rindermann concurred that the fair had been worthwhile, "but I think New

Zealand trade fairs will change in the future," he said.

He agreed with many other exhibitors that the cost of mounting major stands was high.

West Germany spent almost \$100,000 on its exhibit; the British even more on their red, white and blue hall. The French and the Scandinavians were also big spenders.

What these countries have to weigh up is the cost of such presence, against the cost of sending small specialist trade missions here aimed directly at potential customers.

On show at the fair was everything from Persian carpets to helicopters, fragile crystal to huge industrial machines. Many of the fair visitors would not have been interested in the full range.

"The success of these things is not measured so much in terms of sales made, but in terms of the expansion of your potential customer circle," Travis said.

"Almost all our exhibitors were well-satisfied," he said. "If it happens that there are no appropriate specialist fairs in New Zealand in the next few years, then those who exhibited here will be back again."

"But, even given the size of the local market — and this is a limiting factor in mounting specialist fairs — I think most of our people would prefer to support vertical promotion rather than the horizontal promotion we've had here," Travis said.

A visiting businessman in the French pavilion said he thought the fair was "rather low-key" and did not relate

directly to New Zealand's needs.

"New Zealand requires technology, heavy industrial equipment, and there is a lack of it here," he said. Some of the stands at the fair had been "spilling" and the publicity had been lacking.

"I've told people around town that I'm here for the trade fair and they ask 'what trade fair?'"

He doubted that anyone would say the fair had been "a roaring success", but trade fairs seldom were, he said.

Several exhibitors told *NBR* they hadn't really expected to sell much at the fair, and there were many whose goods are on strict import control and so the exhibits were all pre-sold anyway. They were there only for the public relations value, or as one said, "because we can't afford not to be".



One trader from Pakistan, who had brought a large consignment of clothes and crafts to New Zealand, hoping for heavy direct sales at the fair, was obviously disappointed. Sales were "so-so" he said. "People did not seem to have money in their pockets. Even the public day was not very good."

He said he thought there was not enough publicity and that there should have been more open days.

Conspicuous in their lack of success were the Americans. Their small pavilion was dominated by a photo of President Ronald Reagan flanked by two of his wives. An aggressive sales team for *Encyclopedia Britannica* sold \$25,000 worth and other stall-holders expressed satisfaction with public interest.

But while other exhibitors were heavily subsidised by their governments, the American stands were set up on the "user-pay" principle.

A consulate commercial section employee said many firms which had been approached did not want to participate in a general trade fair. "There's an office equipment fair coming up in Christchurch and all of those firms and the computer people are planning for that," she said.

While bogged up with the success of their pavilion, the Australians have not yet decided whether to participate in the next trade fair planned for Wellington in two years. "The Wellington people have been around asking for opinions, but till we know what they're planning we won't be making any decisions," Wilson said.

Some of the 15 nations exhibiting in Auckland were very unhappy with the trade fair catalogue, listing the participating companies, which has been printed by *Auckland Star* publishers NZ News Ltd. Our foreign trade commis-

sioner told *NBR* that he was insisting that the price go up for the next year's fair is scheduled for 1982. "To say that we're unhappy is the least you can say," he said.

Another European was philosophical. "It was not the last time that we've been expected to do a trade fair," he said.

Some of the mistakes in the brochure:

- The omission of 216 Alsatian companies, which had spent \$100,000 in the brochure.
- Misspelling of many names.
- Wrong listings of two representing foreign companies was fixed up by the representative of a company. Another was astounded to find the biggest competitor was being its New Zealand agent.
- Some British listings were correct.
- The German pavilion given the wrong number.

NBR understands that News was approved by contract by the committee exhibiting nations. There were no competing bids. "It was the only committee's little choice," said one committee member.

An NZ News spokesman, the only complaint about the 128-page catalogue had been from the Scandinavian countries. "Before it appears a few pages moved out," he said. A recent had been printed to rectify the situation, he said.

DSIR-backed solar heater withdrawn from market

by Warren Berryman

A NEW Zealand-made solar water heater, developed, tested, and highly rated by the Department of Scientific and Industrial Research, has been withdrawn from the market by its manufacturers.

Morrison Industries Ltd had bought the rights to the water heater from the DSIR about three years ago.

Morrison's general manager, Rod Russell, said production engineering of the device was not viable, because of the limited potential sales in this small market.

Technical difficulties with the DSIR-developed heater precluded exports to the United States, and the newly elected Reagan Government cut back on solar power subsidy schemes which had previously helped American sales, he said.

Morrison's distributor, A & T Burt Ltd, dropped the heaters last March after complaints of condensation and corrosion problems and leaks in the heaters.

Last year the DSIR tested the Morrison solar water heater together with 12 of its competitors and ranked the Morrison heater number three for efficiency.

This test drew some flak from competing solar water heating manufacturers, who claimed the DSIR, in testing a device it had developed, was less than independent.

"How can the DSIR be the testing authority when its own model is in competition to ours?" one manufacturer asked.

The DSIR is now testing another batch of 14 solar water heaters. The results are expected out by the end of this month.

New post

by Stephen Bell

LEWIS T Gyson, a well known international consultant within and outside the information processing field, has taken up the position of Wellington regional manager for Prime Computer.

A strong advocate of New Zealand's role in the Pacific Basin, Gyson has been deeply involved in the activities of the Pacific Basin Economic Council, particularly the promotion of a Pacific Information Network System.

He sees this as using computer-based information to assist Pacific countries in their mutual trade and co-operation, as well as assisting them to regulate their own economic affairs.

Why choose Prime? "It is an up-market high-class machine."

Technical problems plagued Morrison's exports to the United States. Because of the extreme temperature changes in California, the heaters either froze up or overheated, he said.

Made of mild steel plate, rather than the more expensive copper, condensation caused corrosion of the heaters.

The DSIR test of the Morrison heater and others was conducted over a year.

The DSIR's findings, published in the *New Zealand Energy Journal* last July, made no mention of the shortcomings in the heater the DSIR developed that led to its being withdrawn from the market.

The DSIR's findings, published in the *New Zealand Energy Journal* last July, made no mention of the shortcomings in the heater the DSIR developed that led to its being withdrawn from the market.

Editor swaps credit card magazines

by Lindsey Dawson

SHORTLAND Publications, an NZ News subsidiary, which has been publishing the *Diners Club* magazine, *Signature*, since it was founded about six years ago, has lost the contract to Parnell Publishing Ltd.

Because electricity was relatively cheap here, the savings from solar water heating did not justify the cost of the heater, he said.

The glossy magazine, circulated to 50,000 Diners Club members will be edited by Sandra McKechnie, who has resigned from editorship of the *American Express* magazine, *Insight*.

Insight is put out by Richards Publishing. A new editor for

Insight is yet to be appointed. The two magazines are both upmarket publications designed to appeal to free-spending cardholders. McKechnie said that *Signature* would become "more of club magazine which will reflect the activities of its members."

Dairy Board moves into ice cream market

by Warren Berryman

THE Dairy Board has taken an equity interest in the country's second biggest ice cream producer.

The move is a major step in the Dairy Board's consumer vertical integration following on from its starting a claim in the beverage market.

With a recently acquired 15 per cent interest in a new company, United Dairy Foods (NZ) Ltd (present capital \$220,000), the Dairy Board has joined forces with Auckland's Taylor Bond Ltd, maker of New American ice cream and Liverpool's Millar-Lange.

maker of Maula Ice Cream.

United Dairy Foods, owned 15 per cent by the Dairy Board, 31 per cent by Millar-Lange, and 51 per cent by Taylor Bond, bought the Tokomaru dairy factory from the Auckland Milk Co-op.

United Dairy Foods will install new plant in this factory and start making ice cream and frozen desserts in September.

First introduced in 1943 to cater to American troops in a Newmarket ice cream parlour, New American ice cream has grown under Taylor Bond management to rival General Foods' Tip Top.

Taylor Bond's manager, Alec Brown, said demand for this pure fresh cream ice cream had grown so fast the company was having difficulty keeping up. Demand in the South was so great it had been starving the Auckland market, he said.

With dairy supplies from the Manawatu co-op and a factory in Tokomaru, the company can cut transport costs and supply the region with New American and Maula ice cream.

First introduced in 1943 to cater to American troops in a Newmarket ice cream parlour, New American ice cream has grown under Taylor Bond management to rival General Foods' Tip Top.

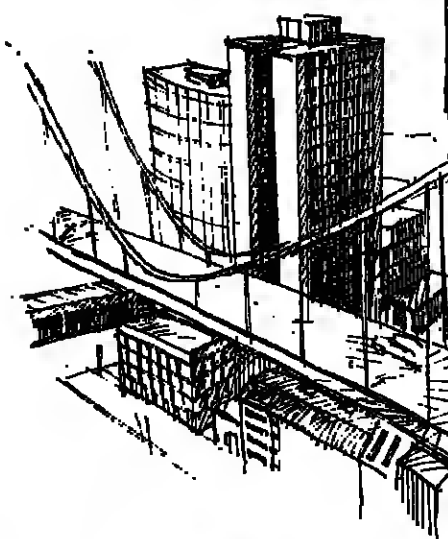
Dairy Board product Benne Knowles, who has been ap-

pointed to the United Dairy Foods board, said the Dairy Board's prime interest lay in exports, not the domestic market.

Initial export markets lay in the Pacific Islands, Knowles said. But the end game lay in licensing plants to make the products offshore — downstream processing tied in with supply.

The tie-in with an ice cream company provides the Dairy Board with a bigger basket of goods to sell to existing export markets. As Knowles put it: "It comes from a cow, get it from me."

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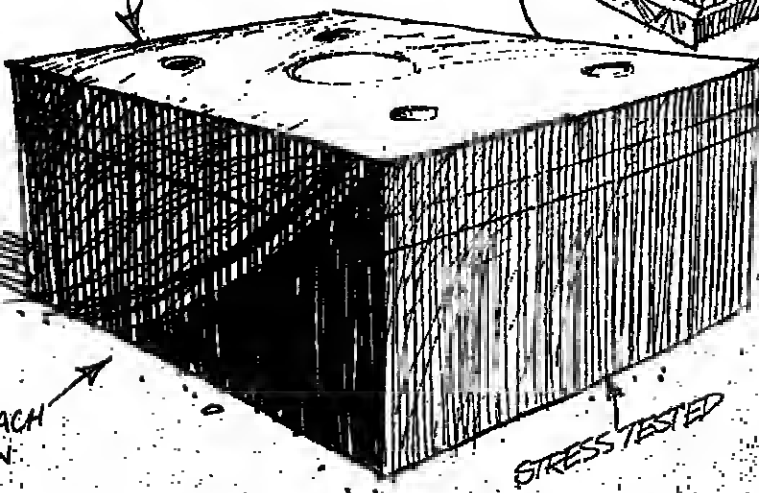
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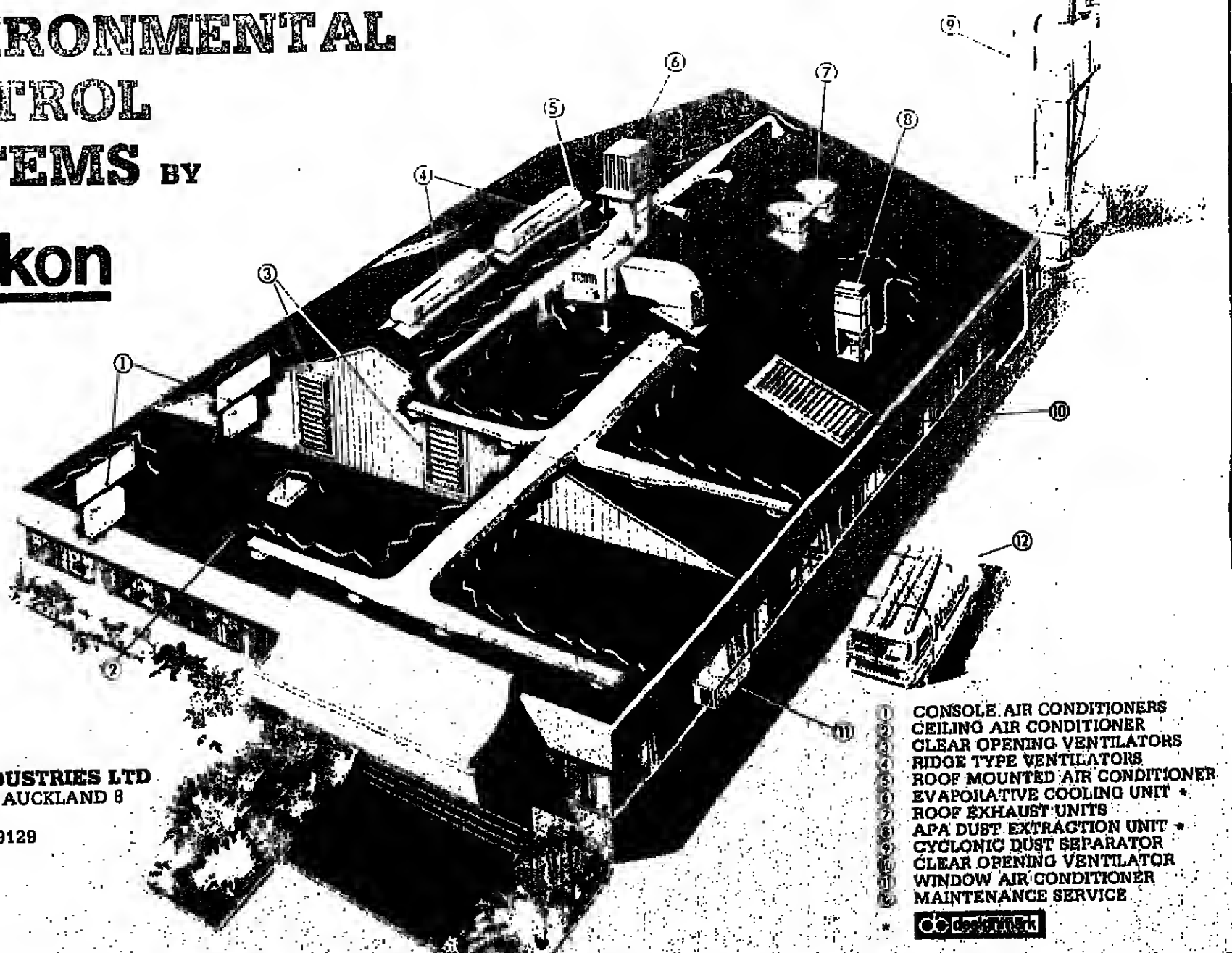
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Editorial

UNCLE Sam's new man in New Zealand, H. Monroe Browne, has arrived to take up his post as ambassador at a time when our foreign policymakers are preoccupied with the ramifications of our fondness for rugby. If he's a fan for Superbowl, perhaps he'll understand that the game is what matters most in this neck of the international woods.

By and large, Ambassador Browne will find that relations between the two countries are in a tidy state.

The threat posed by America's over-production of butter, for example, had all but been wrapped up as an issue of contention before he even arrived.

There is a US surplus of almost 200,000 tonnes of the stuff, by all accounts, in a world seemingly over-supplied and in which we have had to do some hard negotiating with the EEC to secure a 94,000-tonne quota for this year and 92,000 tonnes for next. Having achieved that, our Dairy Board was nevertheless keen to take a significant slice of the American surplus — some 100,000 tonnes.

On the surface, it looks like a horrendous exercise of shipping costs to New Zealand, but it makes sense. The United States is not normally a butter exporter, and its disposal of part of that much butter — 36 per cent of the total butter trade last year — would be even more horrendous to our dairy interests.

Under the scheme worked out with the Americans, we will buy the butter below the world price, then be in a position to conduct a "managed disposal" of it, which would have a less dislocating effect on the

market than if the Americans sold directly to world brokers under a tender system.

As Overseas Trade Minister Brian Talboys explained, it makes commercial sense: "The Dairy Board wants to preserve a degree of stability in the world market and to preserve prices."

Certainly, the deal has generated little controversy in this country — although it seems to have come under fire in the United States when the Soviet Union looked a likely market for our Dairy Board.

Much merriment was caused at a Washington press conference which learned that Prime Minister Rob Muldoon had discussed co-sin with President Reagan. It is no laughing matter here. And the fact is that we remain threatened by American import restrictions on casein (our second largest export to the United States, after beef, with sales of \$78 million last year) in spite of a generally favourable report on the issue released in June by the American Department of Agriculture and the Reagan Administration's sympathetic stance.

The report rejected American dairy farmers' claims that imported casein harmed the domestic dairy industry and said import restrictions would increase inflation by boosting food prices while offering no substantial savings in the Government's big spending on its dairy price support scheme. But it was only a discussion paper and our casein imports have been under strong attack from congressmen claiming they contribute to another United States stockpile — about 281,000 tonnes of milk powder.

And don't forget that our dairy industry was advised by the Americans earlier this year to look harder for alternative casein markets or switch some of its production to other products.

Then there are our lamb exports of more than \$31 million a year which have been under threat (or at least the 30 per cent of them which go in the form of processed cuts).

Our Government's attempts to head off a potentially damaging high rate of duty have centred on reaching an agreement with the Reagan Administration on the subsidies code of GATT. We have not signed the code, which allows signatory nations to impose countervailing duties on one another's products only if export subsidies are found to "materially injure" a domestic industry, and interpretations and practices under the code have been in dispute between the two countries for some time.

But the news last month looked promising, when two American officials flew here to try to conclude final negotiations (the result of a Talboys flying visit to Washington from the UN conference on Cambodia). The American officials hoped to work out a formula under which we could sign the subsidies code of GATT, which would halt the pressure by American sheep farmers to secure higher import duties on our lamb sales.

A more thorny issue involves our participation in the Sinai peacekeeping force, which has implications for our trade prospects in another part of the world, the Middle East. Our lamb trade, particularly

with Iran and Iraq, must be a key consideration, and we would do well to be sceptically American assurances that according to their intelligence, our participation in the peace force they are proposing would not be regarded unfavourably by Arab countries.

Nor should we accept the argument that we have an even bigger stake in peace in the Middle East now that a region has become our biggest lamb customer for lamb (our sales to Iraq and Iran, for example, have blossomed despite the war between the two).

The risks of going along with Washington's proposals are too great a region as politically volatile as the Middle East, where American activities seem to be viewed with suspicion by outright hostility. And we should not feel bound by an Azus treaty in focus of defence concern is the Pacific.

So welcome to New Zealand, Mr. Ambassador. Just as soon as we have seen Springboks home and tidied up a few hems which their presence have generated among our old mates in Commonwealth, you will find we are ready to talk business.

More important, you will find — in Prime Minister Muldoon's expressed interest in our foreign policy is trade. And that makes us just a bit chary of talking and order problems (other than those ones) such as those you propose for keeping Arabs and Israelis apart region where hardship, for us, is less without our responding to a call to arms.

Bob E.

Tax reform and the burden of tax

by Anthony Sage

WITH his abrupt formation of a task force to consider and to report in short order on the possibilities for tax reform, the Prime Minister has at last got the Government on to that particular bandwagon. Until now he has consistently rejected suggestions that there is any need to apply his talents to this subject and it is clear his heart is not really in it.

While the annual Budget of income and expenditure is meant to be a serious document, we have long been accustomed in an election-year to it being highly tuned to the re-election prospects of the Government of the day. That this year's lacklustre Budget did not contain a few alluring references to the prospect of tax reform demonstrates just how out of touch the Government is with the country's mood and needs.

One could, of course, suggest that because for practical purposes we have a one-man-band for the Government, it is a pity its sojourns in the country during the northern summer are so infrequent.

When such an emotion man of goodwill as Lew Ross draws attention to a problem, it behoves us all to listen. Anything of which the Prime Minister does not approve earns at least the pejorative use of the word "curious" and such was the fate of Ross's recent restrained statement on the need for tax reform.

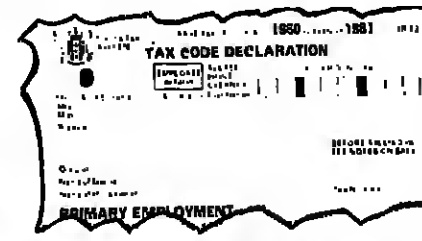
In the last 12 months the rumblings have surfaced in a number of seminars on tax reform up and down the country and the Government has long been on notice of the port the tax structure is playing in distortion of the economy.

The irony is that the principal effect of what is talked about as tax reform will be to divert attention from the real necessity, which is a reduction of Government spending to enable taxation to be reduced. If the Government is so ill-tuned to the electorate that it has only counted on to tax reform as an election gimmick at this late stage, then who needs convincing that the prospects for tax reduction are zero?

As Bob Jones says of tax reduction: "one merely does it." But such a shattering simple concept is beyond the grasp of the world-mongers on the Hill.

Close on 40 per cent of the working population depend now on some agency of local or central government for a living. Include those on the dole and relief work and 50 per cent is in sight.

The payrolls of the Public Service and its adjuncts, the trading corporations and all the quangos, are swollen beyond belief by unnecessary staff performing at best many totally



pointless functions and at worst ones which could not be designed better to obstruct productivity.

One need not travel to the Soviet Union to comprehend the waste of resources in the centrally planned and directed economy.

The whole system of government is so bloated as to be incapable of feedback to Cabinet which now requires a 50-person Prime Minister's Department to prize information out of it and generally to liaise between the departments and Cabinet and to pay outside consultants to perform tasks which should properly be done by the departments themselves.

Moderation in public expenditure has gone out of the window. Every agency of government is in the subsidy business.

Some of New Zealand's largest companies are dependant in great part on Government subsidies for their profits. Each month more tribunals, committees and commissions are established to perform functions either in pursuance of political objectives or properly those of some department. The latest — and a typical example of this — is this task force on tax reform itself.

We run an airline for its employees and ships for the seamen. We have a \$10 million plus programme so that the Prime Minister will no longer suffer the indignity of flying to meetings around the Pacific in turbo-prop aircraft when all his Third World conferees do so by pure jet.

Government and its agencies are now the pace-setters to the productive sector on salaries and the magnitude of their unfunded inflation-proof superannuation is unthinkable out in the real world. The taxpayer is just a gigantic money cow.

What a pity some long-sighted statesman did not tack a clause on to the 1928 Statute of Westminster disenfranchising those on the public payroll. How different the country would be today.

Productivity is static if not declining. Despite taxation at a level which drains the life-blood of the economy, the Government will spend this fiscal year at least \$700 more for every man

woman and babe-in-arms than it gets in revenue.

Such awesome disregard of elementary prudence in financial matters prompts the suggestion that the bold front, the confidence, conceal to fact a total inability to cope. Is not the situation that in the matter of Government spending we are in the red and totally out of control?

Tax reform will not remedy that. Tinkering with the proportions of income tax gained from companies and individuals or with the proportion of total revenue obtained from direct and indirect taxes will not affect the rate at which we waste our substance.

The pressure is on for reduction in rates of personal income tax. While there are many alternatives, a flat rate of personal tax, capital profits and assets taxes, tax on expenditure rather than income and a negative income tax in substitution for the elaborate income transfer mechanism of social security benefits and universal superannuation (to name a few), the inevitable outcome will be a value-added tax.

The Minister of Finance got away for years — from as far back as when he was Associate Minister of Finance — with the pretence that in increasing indirect taxes he was implementing the 1967 recommendations of the Ross Committee on "Taxation to substitute indirect taxes for direct taxes and this one is good for another run. Superficial downwards adjustment of rates of personal income tax soon to be vitiated by inflation can be accompanied by a more than compensatory VAT.

The total tax take will be able to be increased. The only effect of "tax reform" will be, therefore, the same as that of the introduction of PAYE — an easing of the pain to the individual of the act of tax collection and diminution of his ire. If income tax were still collected by annual assessment, present levels of taxation would have been impossible of attainment and Government would have had to cut its coat to suit its cloth years ago.

Innovation in the field of tax reform would be

an unreal expectation. While — or perhaps because — it is a bureaucratic picnic, we are sitters for a VAT. All the reformers will have achieved is a further period of years for the Government of relief from the necessity finally to face up to the most pressing and vital necessity of all in relation to taxation that is a quantum reduction in spending.

The stock political response to such a profound suggestion is that the continuance of existing wasteful expenditures and the initiation of new ones are impositions on Government by pressure groups in the community, but that is the homiest of canards.

The billion-dollar bill the taxpayer is getting for the power stations to supply the second aluminium smelter results solely from a Government initiative.

The universal superannuation scheme was not the work of pressure groups but the most monstrous and blatant election bribe since the foundation of the colony.

When recalls outside pressure for indexation of parliamentary salaries and tax-free allowances, and our ever-increasing generosity to them on fringe benefits?

Who twisted the Prime Minister's arm on those millions for Blue Kennedy's great workers to persuade them to get on with the job?

Certainly there are continual pressures for Government spending but there is always the alternative of answering "no!" Government makes the rules and when restraint in use of public money is clearly no longer fashionable, cynical competition for a share is inevitable.

When we overcome our economic death-wish and demand a release of Government's stranglehold on the country's resources and true tax reform by way of a reduction in Government spending and in taxation, perhaps there can be some growth instead of a continued relentless decline down the ladder of prosperity.

Anthony D. Sage is an Auckland chartered accountant.

Without word of a lie

Administrative lapse

THE Path to Reform is the title of an Institute of Public Administration convention in Wellington, scheduled for late August (we think), but the path to the hotels could be a little more difficult.

The programme with the registration form says the dates for the conference are Monday August 24 to Wednesday August 26. But the brochure says hotel accommodation is available from Wednesday August 24 to Friday August 26.

On consulting a calendar, we find that August 24 is, in fact, a Monday... but does that mean the convention starts on the Monday... but accommodation is available only from Wednesday on...

Making money work...

NEVER one to miss an opportunity, is our Prime Minister. Rob Muldoon opened General Finance's new Featherston Street, Wellington office building last Monday, and dished out the expected warning to the financiers present at the function to keep their interest rates down.

But as he expressed the desire for the financiers to be "responsive to government policy" he interrupted himself: "I notice the governor of the Reserve Bank standing over there smiling."

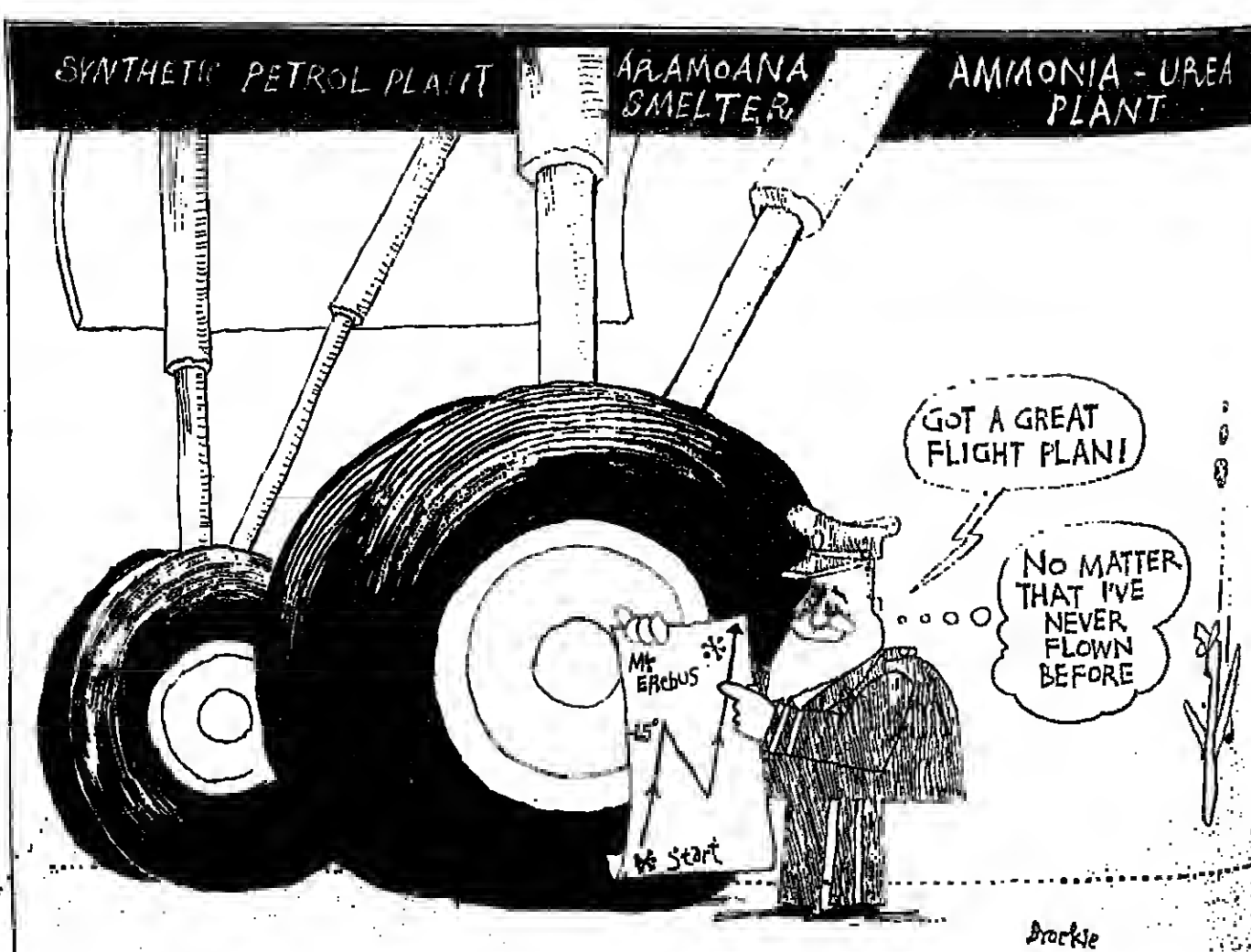
And with a pause he fixed the financiers with the customary gaze and added: "Of course, in New Zealand the governor of the Reserve Bank only has to smile to the financial institutions, and it all happens."

The financiers laughed nervously.

This time, a kick-off

PRIME Minister Rob Muldoon will open the 1981 general election campaign just along the street from the Battle of Rugby Park, Hamilton.

Reliable National Party sources say he is scheduled to start in the Founders Theatre on Monday, November 2.



The Founders, Hamilton's nearest approach to a town hall, is down the road from where hundreds of anti-tourists ripped down the Rugby Park fence and poured through to occupy the centre of the No 1 ground for more

than an hour before the Waitaki-South Africa match was abandoned. Park and theatre are both on a narrow green belt which separates the inner suburbs of Frankton and Whitiara.

If he wishes to initiate a law and order cam-

paign, Muldoon has an ideal location. A November 2 start almost certainly means a November 28 polling day. This would perpetuate the tradition of having general elections on the Saturday in November.

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The wee small voice of the National liberals

With this background the "handout" promises of Dave

As for the Progressive Conservative Party, which in an earlier article is referred to as a new force, it has not elected a government in BC since 1970. In 1970 it polled 5.06 per cent of the popular vote and, following the 1972 general election, its popularity has steadily declined. Since the fall of the coalition in 1952 and regardless of who it had to lead in

One of the down bumps was

Nevertheless, there was general feeling that the frontiers of the state had to be rolled back and more head given to

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1981 Annual Report Highlights


Record year for N.Z's Development Bank.

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Letters

Costing out Aramoana

A FRONT page article entitled "Hidden costs spiral", indicates that the cost to New Zealand of the proposed aluminium smelter for Aramoana is "likely to be \$2.5 billion — three times the cost put abroad by the developers and the Government (NBR, July 13)."

Such a statement required immediate explanation in context and should not be left with its innuendo that this company and the Government have "hidden" costs by not including certain figures in the "price" of the smelter.

The capital cost of the smelter which the consortium and the Government have quoted (in 1980 NZ dollars) is \$650 million. It has been freely acknowledged that inflation could take that cost in present-day dollars to more than \$750 million.

As is normal with any project, the capital cost of electricity generating plant has not been included in these figures. The smelter will be drawing its power from the national grid and not from a specific dam.

The hydro dams on the Clutha which contribute the most significant increase to the system's total capacity in the late 1980s were planned long before the smelter was proposed and will provide power for continued development into the 1990s.

In this regard, it should be noted that the construction of the dam at Clyde commenced well before the smelter and other energy-intensive projects were proposed.

In practice, the recently completed stations and those to be commissioned in the next few years on the Upper Waitaki River will provide a significant proportion of the energy required by the smelter.

However, in a separate exercise carried out by a Government inter-departmental com-

mittee, the foreign exchange costs of generating the electricity required for the smelter have been taken into account when calculating the benefit of the proposed smelter to the nation as a whole.

This investigation showed that (in mid-1980 New Zealand dollars) the smelter project would generate for the country as a whole a net foreign exchange gain of \$150 million a year. This figure took into account all raw materials and finance costs plus the foreign exchange costs of electricity generation.

The cost of dams does not represent the price of the project but rather the value of resources being utilised by it. It would be interesting to know if your newspaper has been successful in its quest for New Zealand could do to earn overseas funds from the electricity it is capable of generating if the smelter was not built to convert electricity into export dollars.

It is completely misleading to

suggest that the 'price' of the project is a lump sum of \$2.5 billion comprising the cost of the smelter (your figure was \$796 million) plus \$1500 million additional cost of electricity and some other costs not clear from your article.

No attempt has been made by this company to keep "hidden" any of the costs of its proposed smelter. These costs in mid-1980 dollars have already been published and not been "hidden" or kept secret.

It would be possible to update our feasibility study to arrive at a capital cost in today's dollars but we see no benefit in continually repeating such an exercise.

Updating or predicting the cost of major projects is not an easy exercise as it requires assumptions as to the rate of escalation in various countries, whether particular items of plant will be sourced from certain countries, the likely rate of exchange at the time of purchase, cost of capital and so on.

For example, do you assume

that the rates of inflation over the last year quoted as: U.S.A. (9.8 per cent), Japan (5.1 per cent), Switzerland (5.9 per cent) and New Zealand (15.2 per cent) will continue for the six years that it will take to build the smelter?

Governments and developers must assess such likely rates and possible changes in costs and income in considering the merits of any project. To date various analyses of the second aluminium smelter have satisfied the nation's and the company's investment criteria.

J G Smith
General Manager
South Pacific Aluminium

be initially financed from borrowing. That figure includes interest and capital repayments.

Our \$800 million power-generation cost, which we have added to the final Aramoana price tag, stems from the fact that 80 per cent of the power will be used by the Aramoana project.

A number of suggested proposals from readers about alternative ways to use our resources have been published in NBR in recent months. — Editor

Another for Thorpy

MR Dunleavy, apologist for the New Zealand wine industry, can be relied on to react to just about anything written by Frank Thorpy. His latest effort (NBR, July 27) is no exception. In his efforts to refute Mr Thorpy's criticisms, Mr Dunleavy has set out very clearly some of the things which are wrong with the New Zealand wine industry, almost as if he thinks that if water is allowed in wine by Government regulation then who are we to criticise?

Any country which allows 5 per cent water in its "premium" wines and 20 per cent in its "everyday" wines cannot be very serious about exporting.

Consumers in the big wide world around us have the ridiculous notion that wine is made solely from grape juice. As for those poor people in Canada who bought 3627 litres of our sherry last year, let us hope that they got more than 60 per cent grape juice for their money. Perhaps Mr Dunleavy is right to protest about "denigration" by Mr Thorpy, but with percentages like that there is denigration enough already.

My own understanding of Mr Thorpy's submissions to the IDC is that he wanted more competition for New Zealand wines, not just to keep prices down but to provide quality standards in the middle range of wines. Making cheap "growth claret" a little cheaper for the ordinary wine drinkers, but improving access for the reasonably priced wines of Australia, Spain, Portugal, Germany, and so on, would have provided some real competition for the bulk of New Zealand's wines.

Whoever it was that drafted the IDC recommendations on imports (and Mr Dunleavy has denied the existence of a powerful wine "lobby"), they did a considerable disservice to the New Zealand wine industry as well.

It is people like Frank Thorpy who have helped to bring the public and as a consequence have raised the New Zealand wine industry from its "cheap" image of a few years back. He informed critics that Mr Dunleavy's "jack-in-the-box" jerk" replied.

D W Kiddle

SPACE precluded full publication of our calculations, but they were based on what we believe to be sound forward budgeting methods.

The \$796 million figure we used was the capital cost quoted by Finance Minister Rob Muldoon in Parliament. (And Mr Smith acknowledges inflation could take the cost to more than \$750 million.) At the same time, Mr Muldoon released for the first time details of foreign borrowing, interest terms, and repayment schedules. Our analysis was based on these figures.

Agreed, we made some assumptions in our calculations (because detailed figures remained unavailable). In essence, we assumed that interest would remain at 15 per cent throughout the period (thus maintaining our calculations in present-day dollars); we made assumptions about the spread of the capital cost over the construction period; and we assumed capital repayment (said by Mr Muldoon to start after 1990) to be spread over five years.

We believe our figures and assumptions were reasonably based, but agree that long-term predictions are difficult. For that reason we did not take into account foreign exchange fluctuations, cost and time overruns, equity borrowing by smelter partners (local content capital cost: \$318 million), or working capital requirements.

Mr Smith insists that the cost of building the electricity capability should not be included in the total cost of the project. The hydro dams, he says, were planned well before the smelter for the national grid. But as he notes: "In practice, the recently-completed stations and those to be commissioned in the next few years on the Upper Waitaki River will provide a significant proportion of the energy required by the smelter."

The cost of the electricity in relationship to the smelter is a matter of interpretation; we believe our interpretation is tenable.

Energy Minister Bill Birch has indicated (Otago Daily Times, June 30) that the additional capital works cost to generate power for Aramoana and Tiwai Point is \$1500 million which will

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Economics

Interest rates set to soar — next year, that is

From Page 1

concerned about them, some distortions have occurred.

The institutions are traditionally big lenders in the fixed interest market, but they are largely out of the market because they believe rates are artificially low.

Current interest rates have led them to stick to short-term investments so they can be ready to take advantage of the predicted interest rate surge next year.

Another distortion is that industrial borrowers are having to pay rates which are higher than those of the finance companies — traditionally finance company debentures have had to outbid "safe" industrial issues because of the higher risk investors perceive in investing with a finance company.

The current liquid state of the money market has also taken its toll on the premium large depositors normally command.

At present large sums — several hundred thousand — can attract 16.25 to 16.5 per cent for two to three years — but earlier this year the going rate was much higher — 17 per cent.

According to one money market adviser, "the market has simply come to a halt, the real distortion is the halt in the market."

The advisor told NBR: "I don't think the Prime Minister's comments on finance company interest rates has had any effect — the rates they are paying are very much in line with what they would be paying in any case."

June, July and August are traditionally the best period for finance company funding "and at present the inflows appear to be matching what's going out. But rather than ease rates the finance companies have retained them at this level to build up their liquidity as a buffer against next year's expected rise in interest rates."

He predicted inflation next year would increase and liquidity would have to be tightened.

"Some economists are talking of a 20 per cent inflation rate, which must lead interest rates up to 18 per cent — if finance companies want to increase their lending," he said.

"That will mean Government stock rates will have to come up to 15 or 16 per cent. "But at the moment the market has come to a halt because the institutions are very reluctant to invest. They are staying short in the bills market in order to get the higher rates next year. The market as a whole seems to believe the Government's attempt to keep rates down is a very much a short-term situation."

Current rates for the major finance companies provide a 14.5 per cent for one-year terms, 15 to 15.5 per cent for two years and between 15.25 and 15.75 per cent for the three-year rate, which is the ideal money for the finance companies.

The five-year rate is between 15 per cent and 15.5 per cent. One finance company has reduced its rates, amid considerable speculation that it was a politically motivated move.

That is the BNZ Finance Co (chairman National Party president George Chapman). But market sources claim the BNZ is offering a lower 13.75 per cent one-year rate and a 15.25

per cent top rate — because it can afford to.

"They point to the strong funding base the company enjoys through its use of BNZ branches, and its light management, its reasons why it can afford to keep its rates below the average."

Industrial borrowers have had a very low profile on the market this year. Due partly to the fact that the major funding contributors for company debenture issues, the institutions, aren't interested in the current rates.

As a result several industrial borrowers have made private placements — and have paid the price. The going rate for a

private placement is 16.5 per cent, although Wellington's Cable Price Downer recently made a \$6 million institutional debenture placement at 16.25 per cent.

CPD was obviously quite happy with that deal. Chairman Bill Steele told a press conference last week the money had been used to repay offshore loans because the devaluation of the New Zealand dollar had posed too great an exchange risk.

And he predicted "interest rates in New Zealand can't remain at their present levels for very much longer — they have to rise early in 1982."

He said he would be in-

terested to see how well the equity market coped with the current state of cash issues, and felt that when the market ran out of cash, interest rates would have to rise to cope with the rising demand for industrial financing.

Steele told the conference "the policy should be that interest rates should be no less than the rate of inflation; this seems to be widely accepted overseas."

Another money market executive told NBR he thought it was quite correct to refer to "Muldoon's interest rate policy" because "at the moment we don't have any real monetary policies — it's just an

interest rate policy and to change that major policy shifts may be required next year."

He believes the finance companies are not particularly troubled by government "advice" to hold rates down.

But there is one aspect of Muldoon's pressure on the finance houses that is intended to be deadly earnest.

The industry believes his major concern is the fast rate of expansion of the money supply — particularly credit growth — and that he is determined to get finance companies to direct funding into productive investment rather than a spending spree on consumer items.

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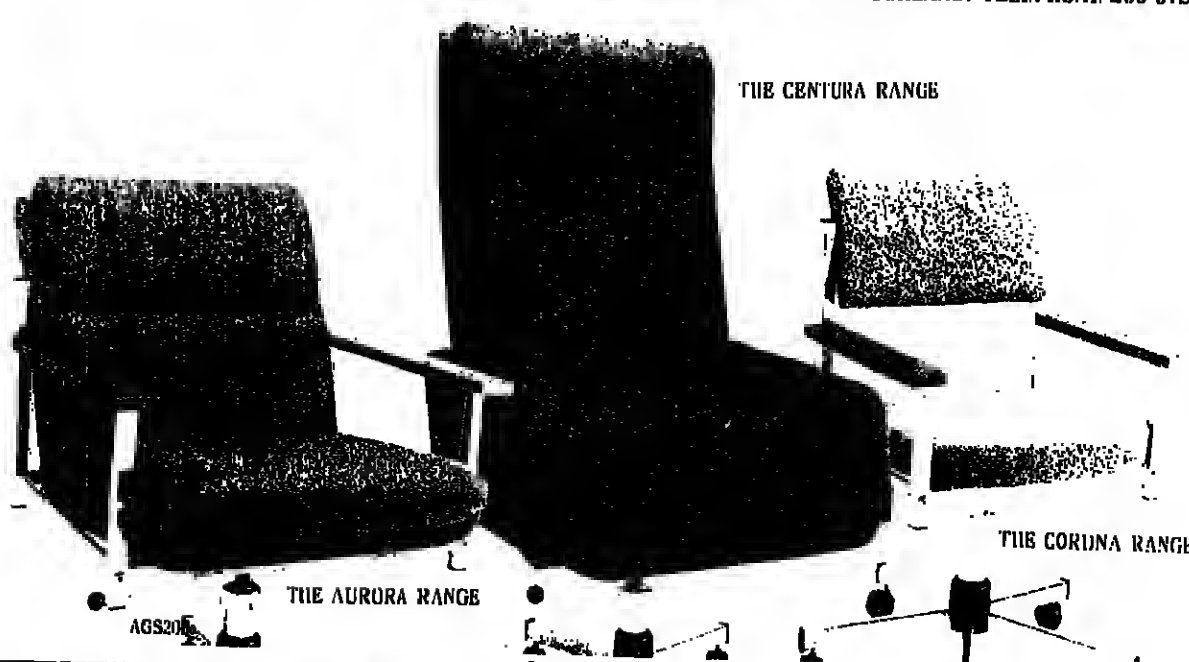
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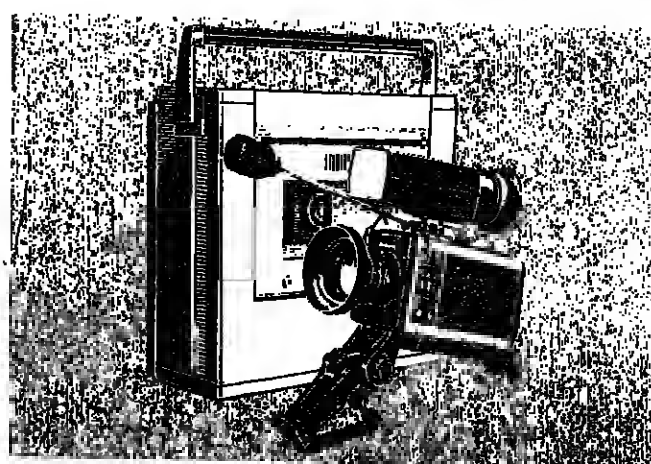
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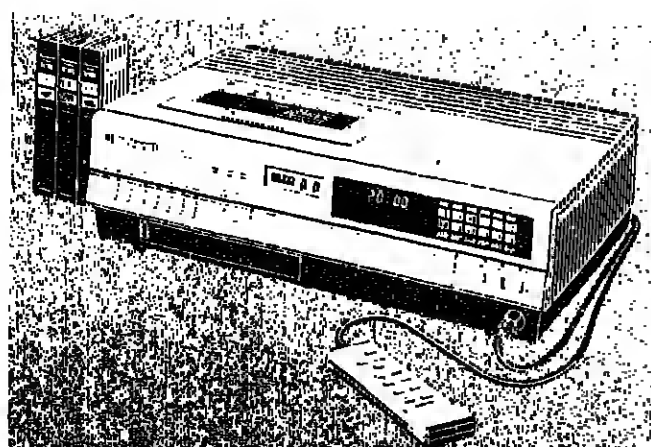


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Mining

New law could kill mining

by Ann Taylor

THE bill to amend the Mining Act 1971 could severely curtail, if not destroy, mining activity in this country.

While mineral explorers acknowledge the need to amend the current legislation they warn that if the bill is made law in its current state small local companies particularly would find the procedures prohibitively lengthy and costly.

NBR understands that the Mineral Exploration Association, a body which represents the mining industry, has suggested alternatives to the planning and consent procedures outlined in the bill in its submissions to the select committee.

The industry wants the process of application sped up for

basic non-contentious prospecting applications. But it wants one that will satisfy environmental groups at the same time where real mining activity starts.

They argue that if the bill is made law in its current state small local companies particularly would find the procedures prohibitively lengthy and costly. NBR understands that the Mineral Exploration Association, a body which represents the mining industry, has suggested alternatives to the planning and consent procedures outlined in the bill in its submissions to the select committee.

The bill has forced a change in the miners' attitude and they now concede that a site has been prospected and feasible mine site established there be full public scrutiny. They would stomach the idea that scrutiny went against them. An environmental assessment at the prospecting stage therefore non-sensical.

Although the bill gives the appearance of a victory to environmental groups, it has been particularly vocal marginal National seats on the Coromandel peninsula, the miners argue that the legislation through which they have to go are increasingly tedious and complex.

The net effect would be to show down the approval process — which is already slow with the in-tray at the Ministry of Energy containing about 100 applications.

The miners have estimated period of 19 months as the average for the passage of a prospecting application and the granting of a licence — a period which will, they argue, run years under the new legislation.

Miners estimate that the total expenditure has been about \$20 million over the past 10 years. No mine has resulted from that exploration and they argue that if a mineable area is found and established this year — the Aurora site in Waikato being the most likely contender — then it will have cost the industry, as a whole, about \$20 million.

In view of these costs it has not been feasible to mount a public relations campaign to counter the emotive appeal of the environmentalists. They argue the added costs of putting up sound economic arguments based on rational analysis against the popular appeal of the anti-mining lobby.

There is a fair amount of optimism in the industry that a mine will be established, probably on the Coromandel, by the full process of both application approvals and exploration has not yet been completed despite speculation that there is a billion dollars worth of gold in "them there hills".

Planning tribunals have been given the right of final appeal under the new legislation in respect of any objections to the grant of mining privileges. The miners argue that if a mine is established it would have to be "in the national interest" and by virtue of that it would be a political decision.

The Government is sincere in its commitment to the mining industry will have to do something to change the bill before it is made law, miners argue. Therefore they do not want to see it rushed through by October 1, the date that the bill is scheduled to come into force.

by Klaus Sorensen

EVEN Stock Exchange Association executive director Earle Stewart is forced to admit that trying to find out the identity of buyers of major parcels of shares in listed companies is a "fruitless exercise".

A number of major shareholding changes have taken place in listed public companies this year — and a disconcerting number of these have been carried out with something less than the highest principles of disclosure in mind.

There appear to be major new shareholders in companies like Hauraki Enterprises, Atlas Majestic and even the minnow of the tourist industry, Tourist Corporation of Fiji Holdings Ltd.

But the so-called "ordinary" shareholders are in the dark as to who their hefty bedmates are.

To an extent, the Securities Commission recommendation of a 5 per cent beneficial ownership trigger point will overcome much of the current mystery involved in the sharemarket — but only if the directors of the company, having received beneficial ownership disclosure of nominee buyers, then decide that the rest of the shareholders have a right to know.

Some recent shareholding changes suggest company directors are in no great hurry to keep their shareholders posted on changes which might affect the value of their investment — which would seem to be any director's primary duty.

The Stock Exchange Association is all for the 5 per cent beneficial disclosure recommendation produced by the Securities Commission — but Stewart's seeming exasperation about his chances of seeking information on the identity of buyers of significant shareholdings is well placed.

He told NBR last week the association does not have a general rule or a trigger point for making inquiries of company boards about the identity of big buyers.

He separates major transactions which take place over a period of months, from those which involve a single large parcel of shares or a major price fluctuation.

It is very difficult for the association to draw conclusions from prolonged and consistent buying interest in a share — after all, it may just reflect the increased interest by investors in general in the company concerned.

With sharp changes the association is prepared to make inquiries and has done so in the past, according to Stewart.

But the problem is the time-lag between the broker reporting the sale of the shares and the receipt of the transfers for directors' perusal.

But sometimes it appears the directors are in the dark as much as anyone else. In the space of two months a total of 35 per cent of the Hauraki Enterprises ordinary capital has changed hands.

It is fairly obvious that the sellers must be some of the controlling interests — due to the sheer size of the parcels — but there are no clues as to the buyers of some 1,360,000 shares (out of a capital of 3,871,228 shares).

And Hauraki shareholders expressed their interest in the sudden activity in their shares at the annual meeting just over a week ago.

Mystery buyers' identities remain under wraps

To a shareholder's question, chairman Peter Dew said there was no new "outside, terribly influential" body involved, as far as he knew.

He offered shareholders his belief that a number of the shares traded had changed hands more than once.

No doubt Dew was telling shareholders as much as he knew, but in the end shareholders would have left the meeting little the wiser.

A January 5 1981 list of Hauraki shareholders shows that the 20 largest shareholders controlled 70 per cent of the shares, and that of that number nine shareholders held parcels of greater than 100,000 shares.

Most of these nine holders belong, in various ways, to the controlling Myers, Friellander, and Bidwill interests.

Therefore, some of the larger parcels of shares reported sold in the last two months must have come from these interests, and judging by Dew's comment that there were no new outside shareholders, it is probably fair to hazard a guess that some of the controlling interests might have bought some of the shares traded.

But there is still a large area of uncertainty and this has given rise to various rumours.

The most popular was that NZ News Ltd — fresh from taking a 15 per cent interest in Wellington's Capital City Radio — was the buyer.

But NZ News managing director Neville Webber told NBR last week his company had not bought any shares, which leaves the second, and most plausible suggestion that the buying is coming from institutional investors.

But the Hauraki kerfuffle pales in importance next to the sale of a 66 per cent controlling interest in Tourist Corporation of Fiji Holdings Ltd to an undisclosed buyer.

UEB Industries sold the shares to a Hastings sharebroker's nominee company, and it would seem appropriate for Tourist Corp of Fiji Holdings Ltd directors to seek disclosure of the new major shareholder — if for no other reason than to find out who their new master is.

There is, after all, no reason why shareholders in this tiny company shouldn't receive the same level of information as that produced by Fletcher Challenge.

Communications to shareholders is rapidly gaining in importance for major companies, and last week Cable Price Downer Ltd joined the list of companies which go just that little bit further in their disclosure.

Cable Price Downer directors have traditionally taken a very cautious approach towards disclosure.

But last week chairman Bill Steele held a press conference to release the annual report where he gave a good rundown on the company's prospects.

The company's low share price was a source of worry for CPD directors for years — particularly in relation to the company's high asset backing — but recently that has all changed.

Steele opened the press conference with the observation that his company's shares had hit \$4.00 for the first time — "I never thought I'd live to see the day," he joked.

He explained that, while the merchandising division and the construction divisions were do-

ing very well, the engineering division was being maintained on a breakeven basis in anticipation of work from the major projects.

He said his company had committed itself to maintaining its engineering division workforce at least until the end of the current financial year — "we are still waiting for the dawn."

In the meantime, the merchandising division was "going like a rocket" and was particularly enjoying the benefits of an upsurge in new car sales in recent months.

But there is one company which has really raised eyebrows with its disclosure.

Computer Consultants Ltd astonished a recent Society of Investment Analysis meeting with the intimacy of its disclosure, and a couple of weeks ago laid most of its turn-

over and earnings breakdowns, and budgeted expectations, on the table at the annual general meeting.

The company is conscious that the market does not really understand computer companies, and is anxious for shareholders and investors to understand the reasons for the dramatic increases in sales and profits which are expected.

Already first-quarter sales are up 72 per cent with the Australian division (already predicted to equal the local turnover by the mid 1980s) boosting its sales by 150 per cent to 22 per cent of total revenue.

But CCL strode ahead with its disclosure of quarterly profit performances for the past five years.

The figures highlight the fluctuations which can take place in computer company

earnings on a quarterly basis, and they should help shareholders to better understand the peaks and the troughs.

The company's five-year average shows 19 per cent of profits were earned in the first half, 36 per cent in the second, 10 per cent in the third and 35 per cent in the fourth quarter — providing 55 per cent of earnings in the first half and 45 per cent in the second.

In the 1981 financial year the company departed from this norm with 22 per cent of profits in the first quarter, 48 per cent in the second and 15 per cent in each of the last two quarters to give 70 per cent of earnings in the first half and 30 per cent in the second.

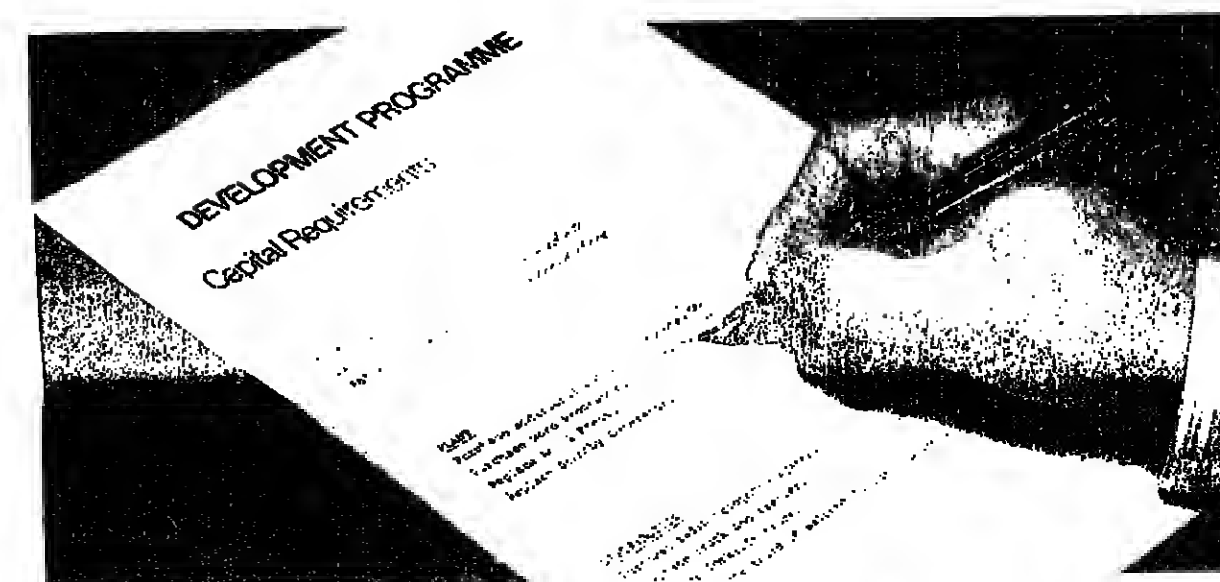
However, the previous financial year's earnings showed a pattern closer to the five-year average with 51 per cent in the first half and 49 in the second.

CCL also provided the meeting with divisional breakdowns of earnings — complete with estimates for the current year.

In 1981 the CCL bureau computer activity contributed 57 per cent of earnings, hardware contributed 41 per cent, Australia 6 per cent, Fourth Estate 2 per cent and the traffic signals group Tesson minus 6.

This year the company is expecting a significant broadening of the earnings base with the bureau contribution falling to 23 per cent, hardware stable at 41 per cent, Australia rocketing up to 22 per cent of earnings, Fourth Estate rising to 12 per cent and Tesson coming back into the black with a contribution of 2 per cent.

Disclosure: the writer holds shares in Computer Consultants Ltd.



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Finance

The business week

BRITISH Office Supplies: After tax profit for the March year was \$198,882 (last year \$172,800). A final dividend of 10 per cent was recommended. The AGM will be held on September 10.

Canterbury Frozen Meat Co Ltd: A cash and conversion offer of \$1,750,000 is to be made to replace debentures maturing on August 31.

Dunlop New Zealand Ltd: Subject to an extraordinary meeting a cash issue of 1,624,000 ordinary shares at a premium of \$2 will be made in the ratio of one for every four shares held.

Feltex Finance Ltd reported a 54 per cent increase in net profit to \$404,000 for the year ended June 31.

Motor Traders Ltd: Directors say discussions are taking place which could affect the value of the company's shares. Directors will make a further statement and meanwhile recommend that shareholders do not sell.

Repeo New Zealand Ltd: Audited after tax profit for year ended June 30 was \$963,889 (last year \$911,707). A dividend of 14 per cent (same as last year) is recommended. The AGM will be held October 22.

Skellern Industries Ltd: Audited net profit March 31 year \$5,316,618 (last year \$6,174,097). It includes equity income in associated companies and a final dividend of 15 per cent is recommended.

Tourist Corporation of Fiji Holdings Ltd: Unaudited net loss for year ended March 31 \$3563 (last year \$1121).

Wilkins and Davies Ltd: A one-for-four bonus issue to ordinary shareholders will be made followed by a cash issue of ordinary shares to both ordinary and preference shareholders of one new ordinary \$1 share for every three shares held, at a premium of \$1.25 a share. The new shares will participate in dividends for the March 31 year.

Economic indicators

RESERVE Bank provisional figures for the money supply and credit aggregates show that during the June 1981 year the

money supply (M1) grew by 14.8 per cent, while the more broadly defined money supply and liquid assets series (M3) rose by 15.9 per cent. Current estimates for the corresponding figures for the year to March 1981 were 13.6 per cent and 14.2 per cent and for the year to June 1980, 10.7 per cent and 16.9 per cent.

PERMITS authorising the construction of 1516 new houses and flats with a value of \$62.6 million were issued in May, an increase of 9.1 per cent over May 1980, and an increase of 35.8 per cent in value. Of the 1516 units, 51 were authorised by central government, compared with 40 in May last year. The value of new dwelling permits was \$552.4 million for the May year (last year \$474.4 million, 1979 \$494.8 million).

FURTHER results from the 1981 Census indicate the Northland statistical area with 6.7 per cent shows the greatest percentage increase in population. Next on the list are South Auckland-Bay of Plenty and

Central Auckland statistical areas with 3.8 and 3.5 per cent respectively. For the last year the Wellington and Canterbury statistical areas have registered a percentage loss (1.2 per cent and -1.1 per cent).

Synthetic fuel scrutinised

TIIH synthetic fuels plant went under the scrutiny of a Turunaki Planning Tribunal last week — the second such hearing under the National Development Act.

Presiding Judge Treadwell advised early on that the tribunal would not be used to endorse or decry the merits of synthetic petrol. But, unlike the Petrolgas methanol plant hearing, where the judge found

that parties with a common interest had to cross-examine together, Treadwell will allow individual parties to examine. The Tribunal came into question when the Ministry of Works indicated that it was not its preference. The Synthetic Fuels Corporation which will start operation this week will have to demonstrate why it should be used.

Depression for BMG

WHILE a depression is being for the competition in International Computer business management (BMG) careful attention pricing and marketing efforts are being made to keep a degree of buoyancy in the overall BMG administrator Vaght Chetwynd says.

At the halfway point of second round the 100 man competing have been whittled down to 50. Conditions are tough but the company are staying off the market downturn.

"Some have reacted by being very cautious in their attitude to buying plant while others have decided to get their money and make it while the sun shines. The cautious ones are paying for loans and general business down the hatch," Chetwynd says.

Interest rates in the game are high but not unreasonable at the present but one factor which could have a disasterous effect on teams with big plants is that, when the depression arrives, they may have to sell off plant when the price gets tough in order to provide sufficient operating capital.

"That will be an expensive exercise since the going price for used plant is only 60 per cent of the purchase price. Large losses could be incurred."

Another factor contributing to the cash squeeze is an increasing demand for credit from customers and the effect of overdue debtors is increasing sharply.

"At the halfway point the accumulated profits are generally in the range of from \$5 million to \$10 million but the rapid three results have shown unmistakable signs that the depression is here," Chetwynd says.

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Stock Exchange weekly review

FOR WEEK FRIDAY JULY 31 TO THURSDAY AUGUST 6

	Last sale	Week's high	Week's low	Turnover		Last sale	Week's high	Week's low	Turnover		Last sale	Week's high	Week's low	Turnover
Airwork, 50c	125	125	125	300	Hawkins Enterprises, 25c	140	140	138	22400	5thn Cross Hotel	138	138	138	3400
8 1/2% pr	125	125	125	300	Hawkins, 50c	110	110	107	14100	5thn Cross Motel, 20c	288	287	285	20700
Ajax & K N	405	405	405	800	8 1/2% pr	28	28	28	0	S F M	70	70	70	4500
Alcan, 50c	170	170	167	100	H B Farmers	300	305	300	1200	Spinning, 50c	80	80	80	500
A H I	288	288	285	31500	12% conv pr	180	180	180	200	12% conv pr	138	140	136	12800
Alliance, 50c	120	123	120	5500	Healing	278	278	272	6300	Sisal & Tube, 50c	160	160	160	100
12% conv pr	110	111	110	700	H Pooled	280	280	280	200	Suckling	160	180	180	500
Allflex	325	335	328	2200	10% conv pr	400	400	400	0	Taylor	185	185	182	4300
Allied Farmers	182	182	182	0	Henry Corry, 50c	185	188	185	9700	Telthorn	128	128	128	0
12% conv pr	342	342	342	0	Holbrook	500	500	500	100	T J Edmonds	315	315	310	8500
Alloy Steel	225	230	240	3100	Hume Industries	155	170	165	8300	Tolley	200	200	195	112600
A M Blaney, 50c	240	240	230	3100	5-7 1/2% pl pr	40	40	40	0	Tourist Corp of Fiji	40	40	40	0
Anglo P&I, 50c	143	145	142	9100	IC I (NZ)	222	222	220	7300	Trans Ashburton, 50c	80	80	80	0
A Beaver	125	125	128	1000	Ind Broedcoaling	102	102	102	100	TNL Group, 50c	84	115	112	122800
11.5% conv pr	140	140	140	2100	Independent News	195	200	195	1300	10% conv pr	84	105	105	100
18 con prst	150	160	160	200	Ind Chem, 50c	200	200	200	0	12% conv pr	142	142	142	3000
Andao Group	121	121	121	0	I Watkins-Ow, 50c	248	250	247	11800	13.5% conv pr	115	115	115	1500
12% conv pr	376	370	362	12400	James Smith, 50c	80	80	80	0	15% conv pr	115	114	112	10400
ANZ Banking Group	125	125	125	0	14% conv pr	55	55	55	0	U E B, 50c	115	115	108	1500
A Wright	370	370	370	0	12% conv pr	100	100	100	28300	U E B, 50c	115	115	108	1500
A' 8-7 1/2% pr	80	80	80	0	14% conv pr	215	250	250	2000	U E B, 50c	115	115	108	1500
0-5-0-5% pr	80	80	80	0	J Edwards	250	250	250	2000	U E B, 50c	115	115	108	1500
A Basset	320	320	320	0	J Edwards	73	73	73	2200	U E B, 50c	115	115	108	1500
A Ellis	40	48	45	12900	J Edwards, 50c	67	73	73	0	U E B, 50c	115	115	108	1500
Ashby Bewley	309	309	309	800	12% conv pr	110	110	110	0	U E B, 50c	115	115	108	1500
A O Cullins	320	320	320	0	J Nathan	205	205	205	900	U E B, 50c	115	115	108	1500
Atlas, 50c	47	48	46	297300	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
10% conv pr	52	52	52	100	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Auck Gas	200	200	200	2700	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Aurora, 50c	220	222	220	0600	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
10% conv pr	165	165	165	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
14% conv pr	210	210	210	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
A C I	200	280	275	1500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Australo Sanyo	03	03	03	400	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Calder, 50c	133	133	133	8500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
11% conv pr	112	112	112	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Canal NSW	525	525	525	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Canal Port, 50c	445	445	445	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Canons	185	200	180	30500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Bank Hinfis, 50c	05	05	05	2500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
OR Z Finance	405	405	405	1200	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Bilfinger & Berger	115	123	115	21800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Bilfinger & Berger	475	490	475	20500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
10.75% spst pr	265	265	265	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Bos, 50c	8	78	78	5900	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
B2P, 20c	2250	2250	2250	250	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Oatley, 50c	03	03	03	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Quintino, 50c	185	185	185	100	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
C P D	390	390	390	29500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
10% conv pr	377	377	377	3800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
C F M	225	225	225	1600	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
12% conv pr	229	229	229	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Canl Flow	345	345	345	7200	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Canl Timber	375	375	375	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
12% conv deb	112	112	112	2700	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Capital Radio, 25c	280	280	280	1900	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Capital Life, 50c	410	410	410	2850	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Cartonco Ltd	330	330	330	6700	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Carter Holt	285	285	285	14900	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
CBA Finance, 50c	280	280	280	150800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
CCL	170	170	170	800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
12% conv pr	400	400	400	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
16% conv spec pr	300	300	300	85800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Chenery	300	300	300	800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Ch Ch Gas	300	300	300	800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Ch Ch Press	375	375	375	38700	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
City Realities, 10c	47	47	47	3000	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Clyde Group	110	110	110	800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
12% conv pr	55	55	55	100	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Collingwood, 50c	60	60	60	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
13% conv pr	320	320	320	8200	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Col Motor	240	240	240	100	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Colyer Wilson	170	170	170	2200	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Comstock, 50c	180	180	180	3800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Command	200	200	200	3800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Con Meial, 50c	19	20	16	172800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
conv pr	120	122	120	7500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Cook's Wine	250	250	250	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Cory-Wright	220	220	220	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
12% conv pr	222	222	222	15800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
18.25% conv pr	218	218	218	30500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Crown Consolidated	285	285	280	7800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
11% conv pr	83	83	83	3500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
C S R	175	175	175	100	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Osney (NZ)	185	185	182	4100	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Oshott & King, 50c	80	80	80	800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Oseanes	125	125	125	0	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
12% conv pr	380	380	380	8800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
O S I	94	94	92	17400	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
12% conv nte	76	76	76	3000	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
11% nte '82	141	142	137	58800	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
Oem Steel, 50c	120	120	120	4500	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
5% prst	88	88	88	5700	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
11% conv pr	300	300	300	100	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
O'Connell's	350	350	350	100	J Nathan	210	210	210	0	U E B, 50c	115	115	108	1500
D R G, 50c	110	110	110	0	J Nathan	210	210	210	0	U E B, 50c	115</			



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Energy projects

Strike and strife

From Page 1
could also have implications for the Marsden Point refinery expansions.

This centres on the ammonia-urea project in Taranaki, where two unions (labourers and engineers) are arguing over the right to undertake rigging work on the project site.

The Federation of Labour has been brought into the dispute, which goes before the Arbitration Court in Wellington tomorrow. The demarcation argument could have national implications for other big projects; similar disputes could cause heavy cost increases on other project sites.

The ammonia-urea plant has also created deep divisions within the Taranaki engineering industry over what is claimed to be staff-poaching that will force wage rates beyond the resources of some companies and thus threaten their business survival.

For example, engineers Robert Stone Co Ltd has recently won an \$11 million contract to build Marsden Point pipes at its Taranaki factory. More than 100 staff will be involved in fulfilling the contract.

At the same time, the company is trying to recruit 100 staff to work on-site at Petrocorp's ammonia-urea plant. Advertisements seeking workers are reported to have attracted 150 applicants.

The reason is simple: a basic tradesman with no qualifications can expect to earn up to \$26,000 a year on the site "with very little overtime", according to one NBR source in the district.

A similar tradesman not working on the site could expect only some \$16,000 to \$17,000 a year.

"There's just no way we can hold men against that difference," one employer said. "It screws the whole market up."

Employers in the district blame Petrocorp itself for creating the situation.

The state-owned corporation, they suggest, should have only

let contracts to bidders with sufficient manpower resources or at least have set guidelines about the number of staff a successful bidder could employ from any single other source.

This approach has been adopted in the past.

Petrocorp is known to have been approached about instituting such safeguards to prevent disruption in the marketplace. The response, according to one NBR source, was "not positive".

"If Petrocorp had taken an overview, looking at the next four to five years, they would have seen that creating such a situation as now would not be in their best interests," commented one Taranaki employer.

"I don't think they have taken a very responsible attitude."

Meanwhile, claims were made last week that overseas contractors are actively trying to avoid the use of local Zealand contractors for off-site fabrication work.

On one project, NBR is told, New Zealand off-site has been reduced to a third the possible local industry put in favour of overseas contractors.

The justification was a shortage of skilled manpower in the project area - based on a report produced before project tenders started slipping leaving the current manpower resource still adequate.

One engineering company executive believed the local industry has the ability to increase capacity by 50 per cent. His assessment backs up a report into the heavy engineering industry by the Engineering Research Association (report details, Page 23).

But he also believed there was little political will to ensure the New Zealand industry secured the maximum possible work available on the big projects.

The industry is also concerned about an apparent reluctance by some project developers to detail the New Zealand fabrication companies they intend to use.

\$11 million contract let

by Ann Taylor

PIPES and filling for the Marsden Point oil refinery expansion constitute the largest contract let on the major projects to date.

Robert Stone Co Ltd has won the \$11 million contract to pre-fabricate the piping, which will be built in Taranaki where the company has had a factory since 1968.

About 30 welders will be trained at the local polytechnic and on the project which will involve the 130 staff at Stones' New Plymouth division.

Project manager, Badger, of the Hague, and Chiyoda, of Japan, will supply almost all the materials for the contract. The Badger-Chiyoda joint venture is responsible for the design, construction and procurement of all the goods and services necessary "to make the refinery happen".

In turn, Badger-Chiyoda selects whichever subcontractors it wants from the procurement office in Wiri where they are currently talking to potential suppliers and calling tenders.

Stones will find itself in the company of Downers, Fletcher

Construction, McConnell Dowell and Wilkins Davis which form the local consortium building the expansion on subcontract to the joint ventures.

Stones has previously done large pipe contracts for the pulp and paper industry and the New Plymouth and Havelock power stations.

And Stones' construction division recently won the \$3 million contract for the mechanical construction of the ammonia-urea plant.

Stones will fabricate the pipes with "more than 100 skilled operators for design, quality assurance and quality end material control backed up by about 25 persons".

Badger-Chiyoda's local operations manager, Henk Dijksterhuis, will be transported from New Plymouth to Whangarei.

The next contract to be let for 20 large storage tanks on the site, NBR understands the contract has gone to an overseas interest which will turn contract local companies.

Projects programme, Page 32-34

Overseas trade

Clearing the decks for America's exporters

THE Reagan Administration, its flag hung on the mast of free trade, is facing the problems of matching actions to policy, not only in providing the framework for an aggressive expansion of United States exports, but also in resisting protectionist pressure.

A key element of policy is to remove internal barriers to exporting. Three measures on which the Administration sets importance are caught up in the Congress.

A bill to ease the formation and working of export trading companies, which could help up to 25,000 companies into overseas markets, has reached the same stage as it did in 1980. It passed through the Senate in April, but has since stalled in the Judiciary Committee of the House of Representatives.

The two main elements are provisions for anti-trust immunity for specified selling activity abroad and permission for banks to hold enquiry in trading companies. According to William Brock, the United States trade representative, passage of the bill is "a first step towards developing a positive national export policy."

The Administration is throwing its weight behind a move to amend the Foreign Corrupt Practices Act, passed unanimously by Congress in 1977 to eliminate overseas bribery. The amendments seek to define bribery afresh, match overseas bribery law with domestic bribery law and, if the

ELECTION WATCH '81

Update: Pages 39-40

'Even reproduced on Cowan's Fine Art Paper this hat would still look like a bird's nest!'



THE MAN WITH A PUN CAP. Sketching by 1981.

Administration has its way, remove the Act's bookkeeping and accounting requirements.

But, even in the United States Ambassador Brown has just left, the issue of a trade and domestic protectionism is becoming increasingly prominent, as Paul Chassieright of the Financial Times reports.

The question of taxing expatriates has been debated for some years. The Administration wants a change in the unique United States practice of taxing income earned abroad on the basis of citizenship rather than residency.

"Foreign earned income of American citizens residing overseas for 17 out of 18 months must be exempted from US taxation if we are to remain export competitive," Brock said last April.

The Senate has before it a proposal to exclude the first \$50,000 and half of the second \$50,000 of income from domestic taxation. The taxing of expatriates is part of the wider tax bill which the Administration is urging on Congress.

The same is true of tax credits for research and development and a speeding of depreciation, both measures which would indirectly help exporters.

These domestic moves find their diplomatic parallel in the effort, both bilateral and multilateral, to maintain and improve access to the overseas markets.

Thus there is considerable pressure from the Administration to open wider the Japanese market, which last year took 9.4 per cent of United States exports. The pressure is widely spread.

It runs from agriculture, where Brock is seeking the removal of quantitative restrictions on beef and citrus products, to high technology items

fits United States interests neatly. Services are said in account for nearly 66 per cent of the gross national product and for 41 per cent of exports.

The United States has specified the aim, encouraged the undertaking of studies into the vague and amorphous sector within OECD, launched the idea within the consultative group of 18 (effectively a steering group) at the General Agreement of Tariffs and Trade and raised the matter in numerous bilateral discussions.

But what it has failed to do so far is decide itself the best forum for future discussions on liberalising services or to advise a work programme which could produce the information on which any later negotiation might be based.

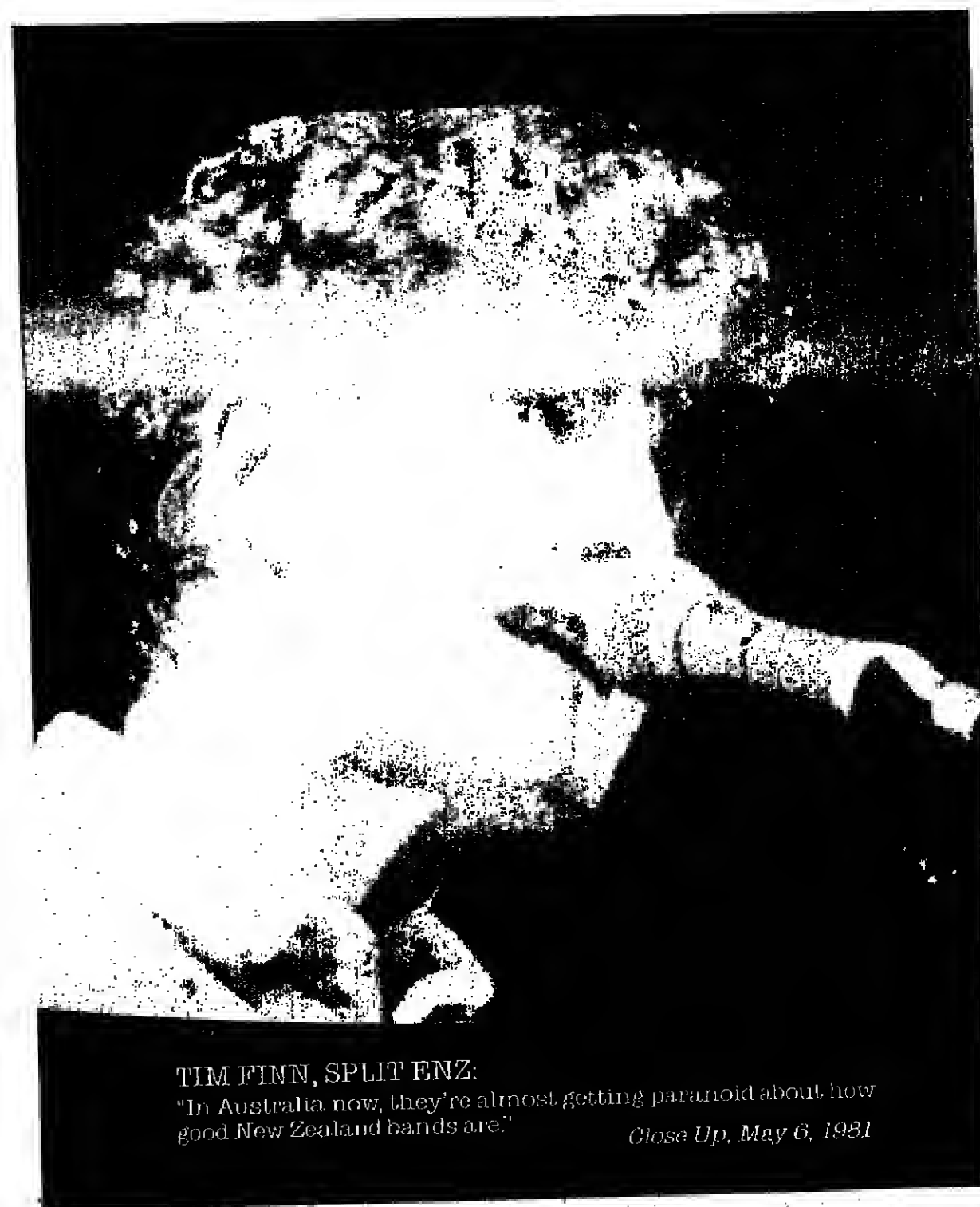
This means that the United States initiative at this stage lacks a definite focus. But the

rhetoric of open trade in services nonetheless has a useful domestic function. The Administration needs to be seen by the Congress as working to open up new markets as a counter-balance to protectionist pressures.

Congressional specialists note that the less protection industries feel they can receive from the White House, the more they will turn to Congress.

The Administration has committed itself, with qualifications to permit the adjustment of threatened industries, to maintain open American markets.

The logic of its general position would suggest that the Administration should liberalise access to its own food products market. It has not so far done this and there appear to be no initiatives for doing so.



TIM FINN, SPLIT ENZ.

"In Australia now, they're almost getting paranoid about how good New Zealand bands are."

Close Up, May 6, 1981

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W. R. McKinlay
McKinlay's Footwear Co. Limited
Footwear Manufacturers, Dunedin

The aim of the Additional Jobs Programme is to reduce the initial cost of additional staff taken on by employers wishing to expand their business and increase production.

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a hand to
expand
your
business

by Lindsey Dawson

TWO or more heads are better than one. Several budgets carry more clout than one. That's the idea Auckland advertising man Rod Squires pushes when he tries to sell the idea of co-operative campaigning.

The last few years have seen an upsurge in the use of co-op promotions in New Zealand, mostly in the retailing field. But Squires sees much greater potential for the concept, and has been involved in several co-op tourist promotions which are proving to be winners.

One is the Mt Cook Ski Region idea, instigated by Alistair Aitken, marketing manager of THC. This is a nine-company deal, involving THC, the Ohau and Tekapo Ski Fields, Whirlwind Helicopters, Glenamer Park, Mt Cook Line, Alpine Guides, Air Safaris Ltd and Mutual Holidays.

They all pitched in to produce promotional material including a 15-minute film on the delights of South Island skiing which has been shown on Australian television and also goes to Oz ski clubs.

It's a low-key, soft-sell movie, with each participating company getting a chance to show their individual wares, as well as pushing the region as a whole.

As a result, says Squires, "sales in the region have grown dramatically over the past three years."

Another co-op product developed around THC is the promotion of Rotorua as a convention centre. Tour operators, airlines, guiding companies and tourist venues all co-operated to make a film which is being shown in Australia and the United States.

"Until now people overseas had little idea of what New Zealand had to offer for conventions. But the film is now making an impact and by the end of 1981 will have bought many major overseas conventions to Rotorua," said Squires.

He organised many similar ventures in Australia before setting up business in New Zealand five years ago ("I came over to do some trout fishing and never went back") but finds New Zealand businessmen generally reluctant to become involved in co-operative ventures.

"There's this fear that they might not get their money's worth in terms of exposure for their product."

"This mainly stems from their own traditional marketing policies or a lack of willingness to 'have a go' at something new or innovative."

But, he says, co-op sales promotion can maximise your own dollar investment, minimise the risk of an expensive campaign and give enough punch to get the potential consumer to buy.

Examples of such promotions on New Zealand TV screens this year have been the "Once in a Lifetime" contest run by Agfa, Air New Zealand, THC and 600 chemists throughout New Zealand; Frank Carilli Stereo Centre ads which linked up a raft of different stereo and video companies such as Pye, Flabber and Paykel, Thorne/Sharp, Fountain, Akai and Sanyo; and Bay of Islands interests have got together to market the region's tourist potential, with Mt Cook, THC and American Express joining hands in a joint promotion.

Financial advantages of joint

budgeting are becoming increasingly obvious with the high costs of TV advertising, says Squires. "Companies can get in on a \$150,000 promotion for only \$20,000."

But the headaches for the organisers can be as big as the savings. "Most agencies simply don't want to become involved in co-op deals because of the hassles," says Squires. His firm charges a fee to put the whole deal together. Relying on commission only would not be worth their while.

He believes that the co-op promotions we've seen so far have only scraped the surface of the potential in New Zealand. He cites one of his most successful Australian promotions which took six months to plan and involved a host of companies involved in barbecue products — everything from food and drink to plastic plates.

Two million 16-page recipe booklets were given away at Woolworths supermarkets throughout Australia. The booklet featured a barbecue recipe competition. "These things tend to snowball. There were 200,000 entries for the contest. Margaret Fulton of *Women's Day* culled through them for the 50 best, and they were then published in a hard-back, which sold very well. They were also bought by Tipperware and given away as a party business prize. And every step of the way the sponsors' products got more exposure."

Major sponsors got a \$200,000 campaign for a quarter of the price, said Squires. "I believe it will become a much more important part of the New Zealand advertising scene."

"The cost of TV time has gone up 100 per cent since I came here five years ago. It's now awfully expensive for one company to mount a TV campaign. But if the right partners can be found you can double or quadruple the budget in a mutually beneficial marriage."

Squires seeks to fulfill certain criteria in setting up co-op promotions. "We look for products or services that not only fit well together under the same umbrella, but result in generating sales for each other."

"The promotion must have a common objective, which is immediately conveyed in the creative presentation of the new product. An 'umbrella' name is desirable so the consumer can identify with the new group of products or services."

Squires is also a firm believer in New Zealand's tourist potential. "This country's got so much to offer. We are firmly committed to the tourist business," he said. His company has just acquired a new travel agent, Auckland's Travel Plan, and another client is Solitaire Lodge, of Lake Taupo, a first-class, get-away-from-it-all lakeside lodge frequented by wealthy overseas guests.

Squires is presently putting together a promotion for the American market aimed at turning the lodge into a condominium-style resort.

State of the media

THE appearance of the ninth edition of *Media Planner* is an indication not only of its staying power but of its permanent role in the world of advertising and publishing.

It covers the lot — newspapers, magazines, radio stations, ad agencies, PR consultants, cinema, outdoor, even a list of all the names of media people mentioned in the planner.

Often a problem with works of reference is the very plethora of information and the consequent need for careful navigation in a sea of facts.

The Media Planner circumvents this with an excellent cross-reference system. Newspapers are listed by type, by NPA classification, by publishing frequency and in geographical order.

Magazines are grouped by the 21 different markets they serve. And all the salient data is there for instant reference.

The publisher, Press Research Bureau, also produces *PRADS*, the continuously updated press research rate

and data system which made its debut last year.

PRB's Malcolm Willoughby reported to *Admark* that he is most happy with the reception given to *PRADS*. "Our inter-agency penetration already equals that of the similar Australian publication," he said. — Grev Wiggs

RNZ walks off with Clio

NOT for the first time, Radio New Zealand has won recognition in the international Clio Awards.

A 30-second commercial for NZ National Walkways won certificates in both the creative excellence category and special travel and recreation class.

The commercial was a jingle with a lyric written by Tony

Eagleton set to library music, voiced by Lance Eccles and with the technical operation in the hands of David Lindsay — all RNZ staffers.

"It was a marvellous shot in the arm for the firm," an elated Eagleton told *Admark*.

The Clio Awards, this year celebrated in Amsterdam, is a truly international competition and the 1981 entries, received from 40 countries, numbered 14,000 — Grev Wiggs.

Publishing takeover

AFTER thirty years in the publishing field, Cranwell Publishing Company has been taken over by the multinational IMS International Incorporated. Cranwells, established in

1950 and Riddells, an associated company in Australia established in 1968, were both founded by R G Riddell who has now retired.

Cranwell built a unique position for itself in the materials catalogue field, catering for a variety of industries.

The new owners will continue to produce the *Cranwell's Building Supplies Catalogue*, *NZ Export Year Book*, *NZ Purchasing Year Book*, *NZ Fishing and Marine Catalogue*, *NZ Commercial Growers and Gardening Supplies Catalogue*, *NZ Packaging Year Book*, *NZ Catalogue of Educational Supplies*, also the monthly publication *DEAM* and the bi-monthly *Government Equipment News*.

The new general manager, David Reddaway, will succeed Graham Tait who has also retired. — Grev Wiggs.

Announcing Electronic Filing from Kodak.

In an age of ever-increasing information, Kodak presents a way to find facts fast: the Kodak IMT-150 microimage terminal.

Computers are best used to store and provide summary data. But sometimes you need the entire original document. Beginning with only a fragment of data such as a date or invoice number, the IMT-150 terminal quickly provides you with an image of the genuine article—the sales slip, bill of lading, invoice, or whatever you need.

The document you see displayed on the screen is stored somewhere in the middle of 14,000 other micro-filmed documents. Yet an operator can call up this specific document on the viewing screen of an IMT-150 terminal in less than 9 seconds. And a dry paper print is available at the touch of a button, again in a matter of seconds.

Your mini or mainframe computer knows the proper microfilm cartridge to select; the IMT-150 terminal's own computer "knows" exactly where to go within the cartridge to find the document you are looking for.

Kodak offers a whole family of electronic filing equipment. From microfilmers to microfilm reader-printers to dry COM laser printers—many with their own built-in intelligence and more sophisticated electronics.

Electronic filing is an integral part of the modern automated office; look into it by completing the coupon at right.

1880  1980

The Sales Manager, Business Systems Marketing Division, KODAK New Zealand Limited, P.O. Box 2198, Auckland. Phone 778-950

☐ I want to be able to find fast the document I need in my office. Please send your brochure on Electronic Filing from Kodak.

☐ Better yet, have a Kodak rep representative call to arrange a free information planning survey of my office.

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ORGANIZATION

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PHONE

Court decision topples Crown, as well as clock tower

ENVIRONMENTAL groups believe a High Court decision, declaring construction of Nelson's new chief post office unlawful, could have wide and long-term implications for future Government buildings in relation to the district schemes of local bodies.

The decision by Mr Justice Quilliam that the building is illegal, because it does not conform to the operative district scheme for Nelson in terms of height or parking requirements, came three years after a campaign was started to get the Post Office to reduce its size during the planning stages.

But, ironically, it has come at a time when the top floor of the seven-storey building is already half-built.

The main objections to the building in Nelson were based on aesthetic considerations. It was thought to be disproportionately large for a city of predominantly low-rise buildings, and objectors pointed to the obtrusiveness of the city's other large building, the Rutherford Hotel, with its large "DB" sign looking from some angles as though it sits on top of Nelson Cathedral.

But apart from considerations of aesthetics, there were objections to the size of the chief post office building from the city's business community, which complained that it would overload the city with office accommodation.

There is already a surplus of first-floor office accommodation above central city shops in Nelson, and the Chamber of Commerce has successfully campaigned to have the two-storey minimum development for new buildings in Trafalgar Street dropped from the draft district scheme at the present review.

Three of the floors of the new post office building are

surplus to the Post Office's own requirements, and though they will be let out to other Government departments, the business people say this will mean drawing the departments out of their present accommodation in privately owned buildings when there is no one to replace them.

There may even be some resistance to the post office accommodation from the very departments expected to use it. One of them is Inland Revenue, which is in cramped, mainly first-floor quarters in an old Halifax Street building at present.

Since the introduction of national superannuation, elderly and often physically handicapped people who have never previously paid tax have become regular visitors to the department, and it sees the need for street-level offices to cater for them.

In Nelson, the department has managed to acquire some ground-floor space in its existing building to meet this need, but it could be expected to lose this advantage if it shifted into the new post office building.

The Nelson Institute, through its urban studies group, campaigned strongly for the size of the post office to be reduced, both as a matter of townscape and because of its likely effect on office accommodation, and it forwarded a petition of 2000 signatures to the then Postmaster-General, Ben Couch, in 1979, calling for the building's size to be reduced.

But it was left to the Auckland-based Environmental Defence Society to take the case to court, and they based the writ they lodged against the Post Office and the Ministry of Works in February 1979 on the question of non-conformity



Mr Justice Quilliam... unsatisfactory decision.

with the operative district scheme.

When the matter finally came to a hearing last month, the lawyer for the EDS, Tony Doogue, successfully argued

that the building should not have gone ahead without approval from the city council through the statutory specified departure procedure for non-conforming buildings.

Although the Town and Country Planning Act is not generally hindering on the Crown, there is one section which says non-conforming public works should not be commenced until either the public work has been designated as such in the district scheme or authority has been obtained under the terms of the Act.

Although the Government owned the chief post office site in Nelson, it carries a commercial C, not a public works zoning, and Doogue argued that it was consequently obliged to conform to the district scheme.

He said it did not do so because although its purpose as

office space was a conforming use in the zone, it did not comply with the ordinances for the zone in terms of height or off-street parking requirements.

The Crown said that any departure from the code of ordinances merely had the effect of making the building a conditional use for the zone under the scheme, and it was agreed that if this were so, the section prohibiting construction would not apply to the Crown.

But Mr Justice Quilliam accepted Doogue's contention that a conditional use which still did not conform with the ordinance requirements must be treated as a specified departure.

This is something which can only be granted after a public hearing at which interested parties have been given a chance to object.

However, despite the judg-

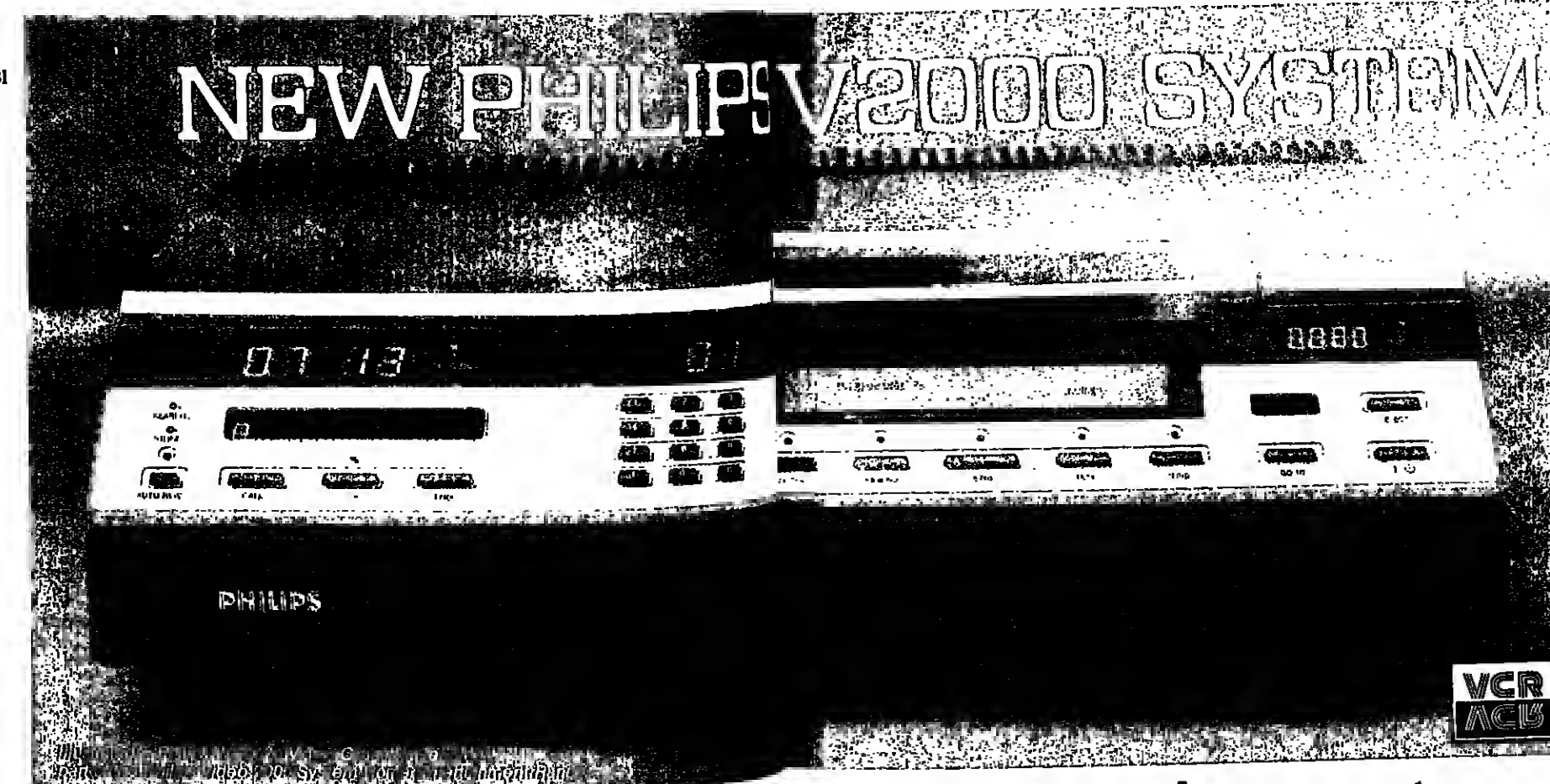
ment of Mr Justice Quilliam, it seems most unlikely that the Government would allow the top floors of the building to be demolished — though the Minister Bill Young has ordered a temporary halt to any yet-uncompleted clock tower which is to rise above the body of the building.

He has announced his intention as soon as possible to take the site designated for public works to take it outside the district scheme requirements and he says the Crown will penalise against the High Court ruling.

Nelson seems to be at its seven-storey post office. But the Environmental Defence Society believes the least the case will have the effect of making the Crown little less cavalier in its treatment of district schemes in future.



We want you to have the best



The world's most revolutionary video recording system - it doubles the playing time!

Now the worry of selecting the right home video recorder is over. Philips — the world's recognised leaders in home entertainment technology move further ahead with a unique video recording system.

The Philips Video 2000 System. It can double your home video enjoyment because it actually doubles the playing time and halves the cost of video tapes. It unveils the mystery of video to provide the simplest yet the most advanced home entertainment system.

Philips Video 2000 System allows you to automatically record up to 5 TV programmes over a 16 day period, watch one programme while you record the other channel, record the programme you are watching, watch your own home made movies or pre-recorded programmes.

And of course only Philips Video 2000 System promises world famous 'Philips Natural Colour and Sound Quality'.

And that's because at Philips we want you to have the very best. The unique Philips Video 2000 home entertainment system doubles your enjoyment by doubling the playing time.

PHILIPS VIDEO 2000 SYSTEM - It starts where the rest leave off.

UNIQUE FLIP-OVER CASSETTE
Up to 8 hours playing time. This is an exclusive Philips feature — the flip-over video cassette. Invented by Philips, this new video cassette is only half the playing time of other tapes, but with absolutely no loss of quality. There's a range of Philips video cassettes, 2 x 1 hours, 2 x 2 hours, 2 x 3 hours and 2 x 4 hours. No one else can match the dollar saving value of Philips video tapes — the Philips 8 hour cassette costs only 1/2 per hour of recording.

The result — less expensive, less storage space, less inconvenience. More over, it is the only cassette with a built-in dust and finger mark protection shutter and with a unique recording system that prevents accidental erasure of recordings you want to keep.

Your Video 2000 System will give you other big advantages. **UNIQUE PICTURE QUALITY** — Dynamic Track Following (D.T.F.) of Dynamic Tracking System. This is an electronic tracking system

which accurately controls the positioning of the recording/playback heads on the tape, to ensure a constant and natural picture, even when tapes are exchanged between machines using this new Philips system.

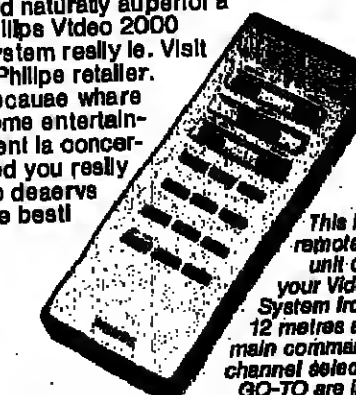
UNIQUE SOUND QUALITY — Sound quality is dependent on tape speed, for which an acceptable minimum is

approximately 2cm/sec. The Video 2000 System has a linear tape speed of 2.44cm/sec, ensuring that frequency response is of a very high quality. Dynamic Noise Suppression (D.N.S.) operates during both recording and playback modes giving the best sound quality of any home video recording system.

UNIQUE GO-TO: Finds what you want, when you want it. No more searching back and forth for the start of a particular recording "somewhere on the tape". Just use the GO-TO button and the System 2000 will find the exact point you require.

SIMPLE TO USE: Thanks to this Philips micro-processor control. Using your 2000 System video recorder is simple and straightforward. When you have to carry out such operations as entering automatic starting times, day, channel, and finishing times of the programmes you want recorded in your absence, the

micro-processor takes you through each of the operations step by step and confirms that you have made the instructions which you had intended. See for yourself how simple, versatile and naturally superior a Philips Video 2000 System really is. Visit a Philips retailer. Because where home entertainment is concerned you really do deserve the best!



Philips **NEW** Colour **HORIZON**

This infra-red remote control unit operates your Video 2000 System from up to 12 metres away. All main commands plus channel selection and GO-TO are included.

PH 170

Type A — endangered species of the business world

by Belinda Gillespie

IF you believe that business matters more than you or your family, if you can't relax and forget the job when you're supposed to, if prestige and money mean more than people — you are a victim of business.

More than likely, you have a Type A behaviour pattern. Which means, according to the New Zealand Heart Foundation, you have "enhanced personality traits of aggressiveness, ambition, competitiveness and drive, are work orientated with preoccupation with deadlines and exhibit impatience and a strong sense of time urgency".

"Type As", both men and women, have higher blood cholesterol, higher blood pressure as well as falling into the "coronary-prone behaviour pattern" which distinguishes them from "Type Bs".

"Bs", along with their better hearts, are placid, have easy-going personalities, and are untroubled by inner drives and ambitions.

John Spicer, a New Zealand psychologist, was backed by the Heart Foundation in his studies of Type A incidence and effects among Auckland men.

"The Type A behaviour pattern is clearly in New Zealand," said Spicer, whose work has been published both here and overseas.

His results showed that the Type A personality has about the same prevalence here as in the United States.

Type A behaviour, "the aggression and the running around", however, is not quite as common here.

Spicer mentioned extremes of Type A and Type B both at home and at work to find out

more about the relationship between the personality type and heart disease.

Under stress, the Type A heart reacted more violently and peaked at a higher level than Type B.

"The heart of a Type A man takes more of a battering and reacts more violently to stress," Spicer told NBR. "The results were confirmed by laboratory work under carefully defined conditions."

Typical "As" (according to M Friedman and R Rosenman, authors of *Type A Behaviour and Your Heart*) must have the last word in conversations and always move, walk and eat fast. They often emphasise words unnecessarily and are fond of telling others to "get on with it".

They can't stand waiting and feel guilty if they're doing only one thing at a time — so they

double, pace around or excuse themselves for phone calls while they're talking to you.

"Type As" are keen on talking about themselves and shift the conversation accordingly. They feel guilty about relaxing and find it impossible to enjoy natural beauty for its own sake because they always have other things on their minds.

Schedules and calendars rule their lives, with no time allowed for things to go wrong. With clenched fists, nervous laughs, tight bodies "Type As" feel bound to challenge each other when they meet.

Most men under 60 who suffer heart attacks have "Type A" characteristics, some writers claim. Wayne D Dyer (*Pulling Your Own Strings*, Avon, 1974) sees it as part of a wider syndrome, where businessmen are victims of the institutions they work for.

slaves to excessive loyalty, who treat company policy like the law of the land.

To get rid of the belief that the job takes top priority, Dyer tells "Type As" to slow down on walking, talking and deadlines — learn to enjoy life a moment at a time.

Business, he points out, owes nobody any personal rewards. A business is there to make a profit and perpetuate itself by paying the people who have taken the risk of financing it, or who have manufactured the products and delivered the services.

People who want rewards (other than financial) for loyalty and long service should forget it. "The institution will attempt to deal with you in as utilitarian a fashion as possible. It will pay for your services until you can no longer deliver the services it needs, and then you will be dismissed in as inexpensive a manner as possible."

This is not our view of business, but simply a description of the way things are, according to Dyer. When you sign on with the company, this is the implied agreement.

"Even if it has such things as pension plans, profit-sharing, incentive programmes, or any other devices designed to hold on to employees, the fact remains that when it doesn't need you any more you will be replaced, and every effort will be made to get rid of you as cheaply as possible."

Be grateful for that, and don't let it affect your attitude of devotion beyond the call of duty — you did your job and got paid for your services, according to the terms of the contract.

Devotion beyond these requirements — sacrificing personal goals and family life for the company — are victimisation, in Dyer's view — "because institutions do nothing but continue on, whether you kill yourself for them or simply see them as ways for you to make your living."

People given to self-destructive, Type A behaviour, according to Dyer, get into it through choosing to be victims — "by misplacing loyalties on to institutions and by valuing

things and money over people. The following six categories are the kinds of behaviour that may be lethal if you practice them as a regular part of your life:

● Intense striving — pushing yourself, wanting more, never feeling satisfied with the present;

● Competitiveness — always judging your own worth on your performance in comparison with others;

● Deadline urgency — the clock and the calendar rule your life. Those self-imposed deadlines turn you into a twitching wreck as they approach and the job still isn't done.

● Impatience — you're always urging others and yourself to speed up. You're driven wild by traffic jams, slow talkers, unruly children and "inefficient" colleagues.

● Abrupt speech and gestures — as well as wanting others to speed up their speech, you're a fast talker yourself.

● Excessive drive and over-commitment to the job — you place more emphasis on tasks, jobs, things and dollars than on human relationships.

To beat Type A behaviour and stop being a slave to the company, Dyer's suggestions include shifting loyalty from the company to self and family, giving yourself more time, privacy and holidays.

If you have committees, he suggests, politely refuse to go on them — or if you do, don't do more and don't say anything — creatively eliminate these "little nuisances" from your life.

Do without your watch and diary occasionally and just for a day eat, sleep and talk when you feel like it, not when you are supposed to.

Take a relaxed, non-competitive attitude to as many activities as possible.

Don't be seduced by the "props of power" — titles, promotions and bigger desks — symbols of worth which are meaningless in comparison with an inner conviction of your own worth.

Finally, tell yourself that you're never going to retire. That way, you'll leave your job still productive and useful.

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A SPECIAL REPORT FROM GOVERNMENT LIFE

\$59,400,000⁰⁰

"This is the highest sum ever added to our policyholders' cover

The bonus allotment this year amounts to at least \$33 in additional cover per \$1,000 insured plus past bonuses on all current Whole Life policies. In addition, for the first time we are paying a special additional bonus of 15% of the total bonuses on any policy if it matures or becomes a claim during the next twelve months, from 1 July 1981.

There are several reasons for this outstanding performance.

All our investment funds are professionally invested to maximise yield within acceptable risk levels. Our capable and expert fund management team carefully research market trends for the highest possible return.

All Government Life funds are invested in New Zealand. No money goes overseas. Farming, energy, tourism, housing finance for policyholders and all matters relating to a "better New Zealand" are given special consideration in our investment strategy.

Government Life is the only fully mutual life insurance office owned by the people of New Zealand. Our policyholders are our only "shareholders". All profits are returned each year in the form of this additional bonus cover.

The Old Auckland Custom House. As well as having a sound investment Government Life is pleased not only to be able to preserve part of our heritage but also to foster arts and culture in New Zealand.



Our Hamilton office, the tallest building on the skyline.

Financial Results for year ending 31 December 1980

GROSS INCOME	1980	EXPENDITURE	1980
	\$m		\$m
Premiums	56.4	Policy Claims	40.5
Investments	55.8	Taxes	5.0
		Administration	13.9
TOTAL	112.2	TOTAL	59.4

Our Funds are invested in:

Properties
Loans on Mortgage, etc.
Government and Local Body Loans
Company Shares and Debentures
Net Current Assets

Total funds

1980
\$m
109.3
209.2
169.2
88.7
583.2

"The highest ever bonus distribution allotted to Government Life Policyholders"

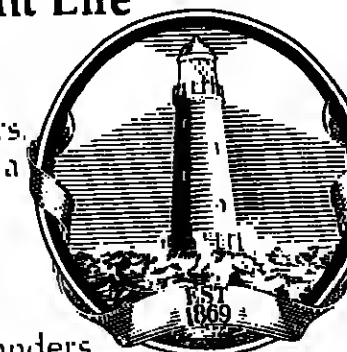


Hutton Peacock, Commissioner of Government Life

We've changed more than our symbol at Government Life

Our symbol and corporate identity programme exemplifies our commitment to our policyholders. We're building on the foundation of a proud history and heritage and looking ahead to change with the times.

We are constantly seeking new and better ways to serve New Zealanders and their needs — with progressive ideas, sound management and innovative products.



Government Life has a dynamic new marketing direction and innovative management.

As part of our new marketing approach, we've recently conducted extensive research throughout New Zealand to determine current consumer needs and attitudes.

The results of this research will lead to some dynamic new products designed to meet the changing lifestyle and needs of New Zealanders. The changes we're making at Government Life will no doubt have a profound effect on the entire insurance industry in this country.

Long term strategy is an essential aspect of our overall marketing strategy and growth plans. In addition to our marketing team and Executive Committee, we also have the benefit of a unique Advisory Board. This Board is comprised of business and industry leaders throughout the country, who assist in monitoring the changing economic climate and help us in our future planning and direction.

Government Life is also in the process of recruiting additional professional individuals to join our team of representatives. Our new training program is intense, challenging and produces impressive results — our representatives are highly qualified to give the best possible service to our policyholders.

This year is only the beginning

Our outstanding financial results and accomplishments during the past year prove that Government Life is on the move. And we'll continue to keep looking ahead — with sound management, progressive ideas, and a commitment to meet real consumer needs in a challenging world.

This year is just the beginning of the new Government Life.

Hutton Peacock

Hutton Peacock, Commissioner



Government Life's Advisory Board is made up of industry leaders from around the country.

MACKAY KING GL156B

Books

Unionism's past seen as a portent for its present

by Gordon McLauchlan

TRADE unionism is increasingly regarded as a social affliction inhibiting economic growth in New Zealand and restricting the individual freedom of employees rather than advancing their material prosperity.

So it is appropriate that a popular, pictorial history of the union movement should be published (Methuen, \$24.95) to help readers achieve a perspective of how unionism has arrived at the condition of here and now.

Toil and Trouble — subtitled 'The Struggle For a Better Life In New Zealand' — has been put together by two professional librarians — Bert Roth, librarian at the University of Auckland, and Jenny Hammond, formerly in charge of the Dan Long Memorial

Library, the first in the country to be devoted to trade union material. Roth is widely accepted as the country's leading trade union historian.

Toil and Trouble surmounts the usual failing of books of this type in which the text is completely subordinate to the pictures and often irrelevant to them.

Roth and Hammond have managed to milestone their way through trade union history with a succinct text and an issue of the day surrounded by pertinent historical pictures.

This means that issue by issue the reader can plot his way through history from the first insistence on an eight-hour working day (at Petone in 1840) to the arrest of the picketers at Auckland International Airport earlier this year.

The coverage is fairly complete, if necessarily superficial,

and any interested businessman can absorb in a few hours a fairly sound understanding of what part unionism has played in the formulation of contemporary social conditions and industrial relations.

That understanding — that unionism's contribution has been historically valuable to New Zealand society — will perhaps not lead a reader to an empathy with union style today but it will convince an open mind that unionism can be adapted to constructive and productive ends.

The first recorded wage dispute was in 1821 when, according to a missionary from the Bay of Islands, "The native sawyers immediately struck work, and demand payment for their labour in money, as was the case in England, or else in gunpowder."

But from then on it was one

Pommie stirrer after another who fought for better working conditions. Samuel Duncan Parnell refused to work as a carpenter on arrival in Petone in 1840 unless it was for full pay over only eight hours a day.

He won his case but the same issue was fought in various parts of New Zealand over many years until it became enshrined in law.

The first unionism boom was at the end of the 1880s. Membership rose from 3000

members in 1888 to more than 40,000 by the middle of 1890. It slumped again after the maritime strike was broken in the following year.

The vituperation and bitterness of the great depression of the 1930s is faithfully recorded, including the now little-remembered hunger march that started from Gisborne and ended in Wellington.

There is a look too at the catastrophic 1951 waterfront

strike which has been responsible for some industrial problems in this country even today.

The great contribution of a book like this is the flavour it can give to history for the casual reader who will never wade through a profound tome.

I hope *Toil and Trouble* is widely read by unionists and employers because if it points up one thing it is that intrasigence by one side or the other on any issue is the one thing that ensures they all lose.

Government administration

Facom lands NZPO computer order

by Stephen Bell
JAPANESE-based computer company Facom has landed a

Post Office order for one of its 'M' series IBM look-alike machines.

The processor will be sited at Palmerston North, and will be used for tall-call billing, handling an expansion in volume of a task until now processed on ICL System/4 machines in Wellington.

There is no immediate plan to replace or expand the ICL machines, which also operate the savings bank network and play a part in the collation of the electoral rolls.

But ICL must nevertheless be feeling the wind of the Facom purchase, particularly with the loss of Tasman Pulp and Paper fresh in its minds.

The Post Office will give no information on the machine yet, other than the bare confirmation that the order has been placed with "a Japanese company". Facom is also still declining comment at present.

The toll billing computer process information from "tickets" issued by automatic monitoring equipment at the exchanges. Co-incidentally, the Post Office has also placed an order for such monitoring equipment in Palmerston North, with another Japanese supplier, the Nippon Electric Company.

But NEC is an established supplier of such hardware to the Post Office.

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Retailing

Sporting superstars sell themselves, by mail order

by Allan Parker

GOD, Queen (DI) and Country are, for most of us, embodied in our national sporting heroes.

We demand nothing less than Winged Victory each time our national sporting representatives take to field, pitch, court, diamond, and pool.

Little matter their personal sacrifice; they are, after all, an extension of our own fragile egos. Their self-gratification and our adulation are rewards enough.

Of course, the Borgs and the Palmers of the international sporting arena play by different rules.

Athletes good enough to reach professional status make careers of their playing years; for a few, millionaire status is the ultimate goal.

But in New Zealand's rigid amateur world, in which the game and the fame are claimed to be riches enough for any athlete, the high stakes of professional sporting superstardom are even rarer.

When ageing limbs and stamina begin to dominate heart, most of our top athletes return to the quiet obscurity they knew before their rise in their chosen sport.

But, as the professionals show, superstardom is a highly-marketable commodity — selling the personality is common practice abroad, where Bjorn Borg can sell his head to a sweatband manufacturer for thousands of dollars.

Yet it remains a curious phenomenon of New Zealand life that our top sportsmen must remain humble in retirement as well as during the playing years at the top — the glory, we insist, should be enough for you.

The pressures of society are pervasive, persuasive and, far the most part, subtle. But they can be blunt; old-echelon administrators, former players who never had the vast television audiences who create today's superstars, remain rigid that, sorry old boy, the game's the only thing.

The debacle over memoir-publishing by New Zealand and other international players illustrate the difficulties these players can face.

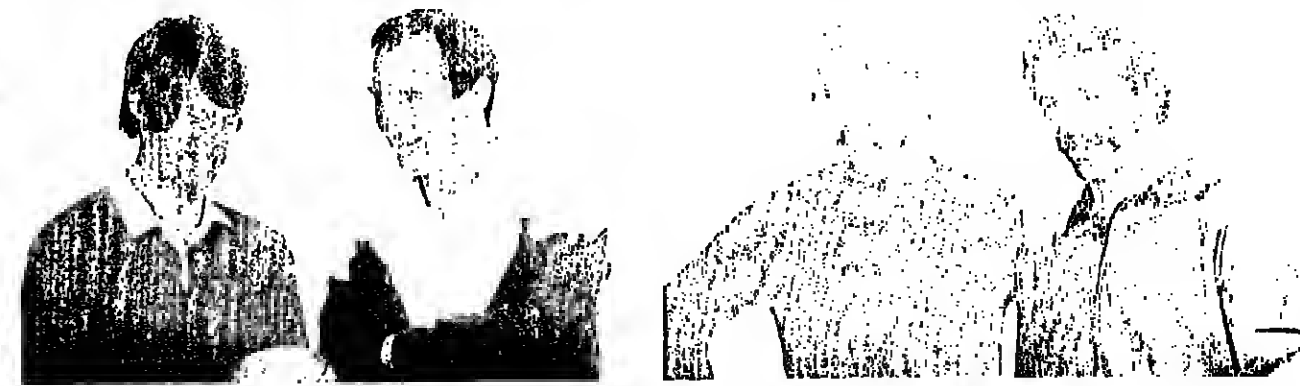
But, as Wellington cricket captain (and selector) John Morrison asks: "Why shouldn't sportsmen do it themselves, sell the personality thing?"

His answer: Why not? Proving the point, Morrison and former All Black captain Andy Leslie have joined business forces in a marketing venture that could well prove a trend-setter for other top athletes.

Bath are already in business. Leslie works with another former All Black great Bab Scott, in a menswear shop in Petone. Morrison, after some years as a full-time director of the New Zealand Cricket Foundation and, more latterly, as Cook Wines representative in Wellington, has been associated with Rusco Sports-world Ltd, a venture between himself and travel company Russell and Somers.

The resulting Andy Leslie Rugby Post is a joint mail order promotion to sell a range of sports clothing and uniforms for New Zealand athletes, be they national representatives or 7-year-old club rugby players.

Through Morrison's travel links, the partners also hope to become involved in arranging the travel for the increasing



Smiles all round as Leslie (second from left) scores a marketing coup with a little help from All Black friends Hewson, Wilson and Fraser.

number of sporting club members who combine an overseas sports tour with sight-seeing.

In the last fortnight, several thousand four-colour brochures promoting the Rugby Post have been mailed to clubs and associations throughout New Zealand. With no national set-up, mail order became the obvious solution.

But, as Morrison notes, the promotion and material had to be different to mark it out from the plethora of unsolicited mail that goes through the postal system. Their solution was simple — "sell ourselves."

With a little important help from close friends and current All Blacks Stu Wilson, Bernie Fraser and Alan Hewson, Leslie and Morrison and the three rugby stars model the clothing range in the brochure themselves.

The cover is a dramatic action shot of Wilson in full cry against an Australian team. Says Morrison: "With that cover, we believe every person interested in sports — not just rugby players — will pick it up and look inside." Where the reader will see Leslie, Morrison, Fraser, Wilson and Hewson, among others, smiling warmly in the sports clothing range of products.

The personality side of the marketing thus becomes its major role selling point, given an air of authority by its use of current All Blacks.

It should be noted that the three — Wilson, Fraser and Hewson — will not be paid for their modelling debuts. They offered their services as friends — handy friends indeed!

The All Blacks' relationship with the business partners raises another important part of the promotion; the personal contacts players at the top build up throughout the country and even abroad during their years as national or provincial representatives.

"We've built up a hell of a lot of contacts around the country," says Morrison. "There's probably not a town in New Zealand where I couldn't ring someone up for a beer."

Leslie agrees: "I can get on the blower and talk to anyone. New Zealand is also a relatively small place and personal contacts are wider."

The two are quite convinced that the "personality thing" is vital to the success of their operation. They are equally convinced that they have every right to use their own fame gained as sporting representatives to promote their business.

"Sportsmen and women go without a hang of a lot to pursue their sport," says Leslie. "You spend a lot of money; it's not easy to see half your pay-packer go on trips each week." Also, when players attain representative status, their commitment is time. Morrison,

for example, reckons he will have not one spare day without playing cricket, selecting or working during the coming October — March cricket season.

But, of course, his travelling and contact with other players, administrators and fans will now give him an opportunity to

spread the Andy Leslie Rugby Post gospel.

Neither is complaining. Says Morrison: "I'm getting nothing from it but I wouldn't complain. It's a freedom of choice and it extends your life."

And Leslie: "I didn't feel

successful businessmen must also perform. Both Leslie and Morrison recognise this and admit that although the personality aspect — the fame game — makes initial contact easier, they must perform to customer expectations.

"If you're happy with a person you'll go back and buy your second car from him, won't you?" says Leslie.

They also believe sportsmen have just as much ability to become successful in business. Possibly more so, argues Morrison, because "if you've shown the determination to go to the top in sport, then you've also shown you have the drive and ability to run a business."

Their campaign has certainly been carefully devised. During winter months, the former All Black skipper will act as team-man and in the summer months the cricketer will fill that role.

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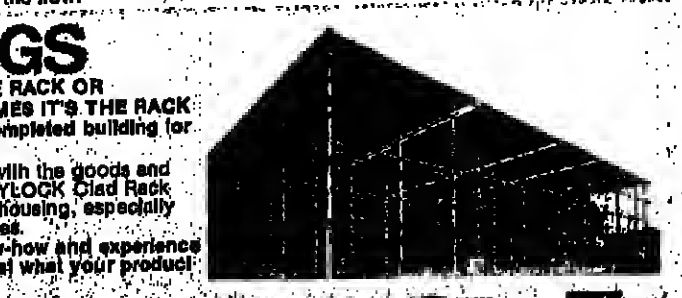


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AMP booklet explains insurance industry to public

by John Sloan

A MAJOR insurance company has taken the initiative with a booklet that explains the industry's operation to the public.

The AMP Society's *Buyers' Guide to Life Insurance* comes at a time when public dissatisfaction with insurance is being realised within the industry itself.

A recent article in the Australian Reinsurance Company's publication *Exposition*, for instance, reported there was insufficient information about insurers, who were often criticised by the public. "There is a general lack of knowledge of the in's and out's of insurance. An analysis... revealed in most cases basic shortcomings in the way the insurance concept, the overall economic significance, the various branches of insurance... were explained. In view of these facts, the insurance industry's efforts to inform the public should be increasingly concentrated on the field of education..."

The country referred to was Germany, but the comments are uncannily applicable in New Zealand.

The AMP's guide had its genesis in Australia where it was introduced to inform AMP policyholders and the general public on the various types of insurance available with comments on the advantages and disadvantages of different types of covers.

Don Paviour-Smith, AMP's sales manager for New Zealand, told *NBR* that the guide had received a tremendous response from the Australian public, which welcomed an objective explanation of life insurance for the man in the street.

Naturally the public's response to the AMP's guide was soon reflected in increased awareness of life insurance and a corresponding increase in sales.

Paviour-Smith conceded that the AMP's initiative would also mean more sales for other life offices, but said "that always happens if the opposition have a good advertisement — the AMP also benefits." (And since the AMP has such a large share of the market — some 25 to 30 per cent — it also gets the lion's share of any spin-off from the opposition's advertisements.)

But what's in this much lauded *Buyers' Guide to Life Insurance*?

● There's a simple introduction which stresses people need life insurance policies which fit their needs and which they can readily afford.

● The basic protection of life insurance is emphasised, ie its paramount intention is to protect people's lives rather than secure a top competitive interest rate.

● The three main types of life insurance policies are explained in plain English — term insurance, whole of life, and endowment insurance. Variations in the basic life policies are also explained.

● And in a section headed "Who Can I Believe?" AMP reminds people: "In a competitive situation you would expect each life office to present its policy in the most favourable light. It is therefore important that, when comparisons are made, you are sure that like is being compared with like. In deciding whether policies are comparable, care should be exercised to ensure

that they contain essentially the same benefits."

● There is also a separate but similar guide for "Children's Policies" which concentrates on topics such as "which is the best policy for my child... special features of children's policies... income tax exemptions..."

Paviour-Smith said that the initial response to the guide in New Zealand had been tremendous with requests from people flooding in. He also said the

guide would be popular with schools for educational purposes.

The AMP's advice to those about to be seduced into cancelling their life insurance policy in favour of another one is, in a word, "Don't". It recommends caution.

● "It rarely makes sense to cancel a perfectly good basic life insurance policy which you may have started some years previously! At some time in the future you may be approached

with a recommendation to cancel your policy in favour of a contract with another company. You should be aware of this type of practice — a practice known as "twisting".

Because further initial expenses will be payable under the new policy, it is quite possible that the only person to gain will be the person encouraging you to cancel your policy. You could well be the loser.

● "It does not often pay to buy 'the cheapest' — in life in-

surance policies or anything else of quality.

● "The results of a 'participating' or 'with profits' policy will depend heavily upon the company's management skills, efficiency and investment results over a long period of time. Projected results which are based upon the current year's bonus or dividend rates are not a firm guide to the likely performance in 10 or 20 or more years time. Predicting the future is a

haphazard affair and we must sound a warning about some forecasts — predictions of high returns which, in practice, may be difficult or impossible to achieve. A sound rule of thumb will often be 'does the question look reasonable?' You should be particularly cautious about quotations involving so-called terminal, final or capital appreciation bonuses and dividends — these could well disappear with stock market fluctuations.

AMP
Buyer's Guide

ALP hints at nationalising life offices

THE investment policies of life offices in Australia would facilitate their nationalisation should the Australian Labour Party gain government at the next Federal elections, an ALP senator has suggested in Parliament.

In a series of questions, the ALP may have foreshadowed significant and unwelcome changes to legislation controlling the Australian life insurance industry in the event of

a Labour government in Canberra.

The ALP spokesman, Senator Watson, said the life offices each day invested millions of dollars on securities listed on Australian stock exchanges. He asked Treasurer John Howard if there was any way that a portion of these moneys could be redirected to overcome the country's housing construction problems, and to provide finance for small businesses.

He further asked whether such a redirection would lead to a reduction in interest rates, thereby lessening pressures on the demand for money.

Since 1961, life insurance companies in Australia have been legally obliged to invest funds in accordance with what is commonly known as the 30-20 rule (to invest 30 per cent of their funds in Government bonds, with 20 per cent in Federal Government securities). The major life of-

fices mostly have been strongly opposed to this requirement, and have campaigned vigorously, albeit unsuccessfully, for its abolition.

Apart from the 30-20 requirement, replied the Treasurer, the Federal Government had no way under the existing legislation to direct the form of life office investment, in the manner suggested by the ALP's questions.

He said that with that exception, the life insurance industry

in Australia was free to invest in the interest of policyholders on the basis of the best commercial judgment, and to require any further redirection of funds would cut across the responsibilities of the life offices to their policyholders and shareholders.

In response to the Treasurer's reply, Senator Watson asked whether a continuation of the life insurance companies' current investment policies would lead eventually to a situation in which a high proportion of stocks in Australia would be owned essentially by the life insurance industry.

He then said: "With an alternative government, would this not make nationalisation of the whole industry a relatively simple matter?"

The life offices in Australia might well take the view that Senator Watson's query was a rhetorical question, indicating the drift of the Labour Party's thinking on life insurance investments.

These are Australia's greatest single source of long-term investment capital, and vital to the nation's development of local ownership and control of its natural resources.

By March this year investments by life insurance companies on behalf of their policyholders exceeded \$A11,750 million.

The Life Insurance Federation of Australia said the figure represented an increase of \$A150 million over the corresponding figure for the previous year, an increase which served to emphasise the importance of life insurance in the generation of capital for development.

Apart from their very substantial shareholdings in companies listed on the stock exchanges, life companies were direct investors in iron ore, coal and bauxite, and the search for oil and gas.

The association pointed out that about 4½ million life insurance policyholders and about 2 million members of superannuation schemes were indirect owners of ordinary shares, and said that the life offices' total holdings of about \$A2500 million in shares gave policyholders a stake in many Australian companies.

The ALP economics spokesman, Ralph Willis, agreed that the life industry plays an important role in the provision of capital and security, but took strong exception to comments by LIFA that a Federal Labour Government was not in the interests of insurers.

He said: "I have said nothing which could indicate that a Labour Government would look harshly on the life insurance industry."

At the last Federal election LIFA's executive director, Nicholas Renton, said that Labour's policies in the insurance field while in office from 1972-75 had caused the life offices grave concern.

During that time it had planned to use insurers' funds to finance the Government-controlled Australian Industries Development Corporation. Capital from the life offices was also to have set up a national investment fund.

Commenting on the ALP's platform for the life offices Renton said: "It was obviously aiming to allow these government bodies to compete with private insurance companies on an unfair basis."



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'Trad' names typecast into electronic market

WHILE word processors and offices-of-the-future grip many imaginations, the activity in the traditional typewriter world has also been dynamic as the old names position themselves for a place in the electronic typewriter market.

The electronic typewriter falls between the standard electric and the wordprocessor, offering the benefits of both without the high computational image of the word processor and without the rustic image of the no-frills electric standard.

Within New Zealand the typewriter distributors have positioned themselves over the last 18 months in quite a dramatic corporate reshuffle.

Germany remains the industry leader through, amazingly enough, Volkswagen.

VW offers in New Zealand Imperial, Triumph, Adler, and Royal. VW bought out Litton Industries, which controlled Adler and which made the other typewriters, too. Almost simultaneously VW-Adler bought out its long-serving New Zealand agent and started a New Zealand company — Adler Business Machines NZ Ltd.

Most of these typewriters still carry the LI, for Litton Industries, insignia.

The individual brand leader is Brother, the Japanese machine, which stops at the

standard electric. There is no electronic machine yet. Brother seems content to market at the top of its line a self-correcting golf ball compair.

Meanwhile, there has been some fast movement, too, on the Olympia typewriter brand which has gone through revolving-door changes of agent over the last two years.

Even when it was the world's largest selling typewriter the German Olympia brand has never done very well in New Zealand. The agency has now finally settled with Monaco Distributors, the Auckland firm that has enjoyed such a spectacular success with the Casio calculator.

From the standard electric typewriter base the rush is now on to develop the market for the electronic typewriter. The company with the widest capability in sophisticated typewriting here is Olivetti, handled by Armstrong and Springhall.

Armstrong and Springhall now offers ex stock no less than three models of the Olivetti electronic typewriter: the ET121 at \$2900, the Olivetti ET221 at \$4500, and the ET231 at \$6500. The middle-range model can be fitted with a screen and magnetic disc holder giving it a strong word-processing capability.

The Olivetti models are fit-

ted with an astonishing range of frills and extras. The standard daisy wheel contains one hundred characters — about double that of the golf ball head.

Among the daisy wheel characters are German, French, and Spanish accent signs and even the pound sterling symbol. The machines can also print in reverse and two of the models offer a built in strip video screen for holding typed words before flicking them on to the paper.

Along with the Adler Se1010 typewriter, the Olivetti range features a control board which flashes on which functions are being used at any one time —

lower case, upper case, and so on.

The most interesting thing about the electronic typewriter market as it claws for a foothold in New Zealand is that it contains several mysteries. For example, the world's most highly publicised electronic typewriter, the one backed by more investment than any other machine in sight, is nowhere to be seen.

The Qyx typewriter is now offered for sale in New Zealand. No agent has been chosen. Qyx representatives have visited New Zealand. They have allocated an agency: Australia, to Datronics.

Qyx represents the nose of Exxon's drive into the information industry.

The other mystery is a IBM sticks with its memory — style of Selectric typewriter with just some in memory while the other companies are offering machines with keyboards that resemble aircraft control panels.

IBM is declining to join the daisy wheel impactor with hundred symbols/character and is sticking resolutely to the golf ball.

One of the reasons for the obviously the early 1970s discovery that the typists have far bigger say in what typewriters they use than is imagined at first. When IBM first began marketing its Selectric the sales message was pitched as much at the golf ball as the typists.

The grey giant now seems to feel that by refusing to fill a typewriter with extras at complicated keyboards that taint their loyalty. IBM strategy seems to be to keep the Selectrics resembling traditional-style typewriters as much as possible.

For example, while other manufacturers of electronic typewriters have been at pains to quieten down the clutter of typing, IBM has been content to let the machines talk on with no silencers.

The IBM strategy is not fairly clear. It doesn't want to frighten away typists by presenting them with a typewriter that looks like a computer or a word processor. IBM is obviously very suspicious of the soft middle ground between the top end of the electric market and the lower end of the word processing market.

Aware of this problem themselves the main electronic typewriter vendors, such as Armstrong and Springhall and Adler, have all embarked on strong marketing campaigns. The Adler campaign is pitched very strongly indeed at the typist herself through radio spots on breakfast sessions beamed at the Adler girl.

The spots point up the German origins of the Adler range, presumably to invest the machines with the glitter of German technology. Both Armstrong and Springhall will also encounter resistance from the multinational companies here which often tend to take IBM Selectrics as part of an international procurement policy.

"There is no way we can advertise our way out of this problem," notes Adler General Manager John Cooper. "We signed on last year after 20 years with British Office Supplies. We are just going to have to knock on a lot of

'Sweated labour' union claims over new factories bill

by Ann Taylor

THE industrial road is being further pot-holed by the bumpy passage of the Factories and Commercial Premises Bill, which purports to legislate for the health, safety and welfare of workers but has been labelled a "return to sweated labour" and "a draconian piece... that sets the industrial clock back 35 years" by unions concerned about its contents.

Under the bill, provisions for ordinary working hours and overtime would be removed and factories would no longer have to register with the Department of Labour before they started to operate.

But union concern is centred on the removal of requirements that outworkers — people who work at home — be registered with and inspected by the Labour Department.

The Factories Act 1946, "the safety act through which no worker could fall", and the Shops and Offices Act 1955 are consolidated in the new bill, which will be debated and voted on clause by clause when the Budget debate is over.

The bill, the end result of deliberations by two select committees, "has tidied up a number of areas," said Len Cope, chief inspector of factories, whose 200 colleagues bear the brunt of union scepticism.

The unions argue that the inspectorate, which polices industrial legislation, is understaffed. Rather than increase the number of inspectors, the bill is designed to make their task less onerous.

Cope said the dropping of provisions for outworkers was a political decision.

"The department just put up the factors for and against," he said — but he acknowledged the inspectorate had problems locating and inspecting outworkers. "And we'd be duty-bound to say we want more staff, but we've got enough to do the job that is required of us."

The number of licenced outworkers has decreased from 1200 in 1970 to 627 in 1980, reflecting trends in their primary employer, the clothing industry.

The unions point out that limitations on mobility caused by the fuel crisis and the new technology have the potential to isolate more workers at home. Handicapped people often find work at home and the electronics and plastics industries are employing increasing numbers of outworkers.

In New York City, a recent *Washington Post* article reports, the number of factory sweatshops has multiplied 15-fold over the last 10 years. There the workers are immigrants, unable to find legitimate employment; in this country, they are primarily women.

A survey of outworkers in the clothing industry done last year by the women's advisory committee of the Vocational Training Council found that the majority of outworkers are not registered by their employer with the Labour Department and that few are union members.

The VTC paper lamented the passing of the old regulations, which it said "were intended to ensure that labour conditions and standards of homeworkers are, as nearly as possible, identical with those of factory workers". The regulations ensured that premises were inspected, holiday pay

paid and specified payments for power use.

"Although many employers observe the principles of these provisions the removal of the clauses makes it impossible for unions to protect workers from unscrupulous employers," it said.

The unions know outworkers are an isolated and unknown quantity but do not see that as reason for removing protective legislation.

The FOL wants, at least, a clause allowing for the notification and agreement of unions before the employment of outworkers and a requirement that employers record the number and nature of outworkers on their books.

The FOL bases its arguments on the fact that the new bill specifically excludes coverage of cottage industries. Because this clause has been inserted, it would seem logical that coverage of true outworkers should be specified, the FOL argues.

Ordinary working hours and overtime provisions have been dropped from the bill, which consolidates the Act which legislated for the 40-hour week.

The Labour Department argues that the bill is now one for health and safety and should not include legislation on hours of work.

"The Industrial Relations Act does specify a 40-hour, five-day week, and for unions not covered by it "there is nothing to stop them obtaining award coverage," said Cope.

The unions argue that the bill breaks down the concept of the 40-hour week, and increases the flexibility of shift work and penal payments. Awards will have to pick up where the legislation finishes and hours of work will sit uneasily in the bargaining arena.

"There is a trend towards an erosion of basic standards for workers and a tendency to push these matters in to the industrial arena of award negotiations," the FOL said in its submissions.

Whether this will open or close the doors on union moves to a 35-hour week is a moot point.

Employers Federation research director Bill Poole does not think it will have any effect.

The unions believe it will affect them in two ways: Opening the door for negotiation on hours; or closing the door on future legislation for a 35-hour week.

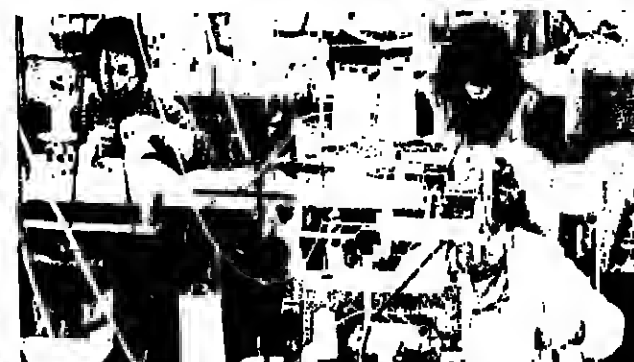
The bill removes the requirement that factories register before they start to operate. Cope told *NBR* the inspectors "would rather see a factory operating. Then we get a better view of what is going on and what is safe or not."

He said the department will have two registers — one of registered and one of unregistered factories.

The inspectorate looks at the more potentially dangerous factories every 12 months and the others every two years and acts on complaints and does accident investigations. The unions complain that shops and offices are seldom inspected.

The bill does not bind the Crown, and the Combined State Unions are concerned that the health and welfare of their officers will not be adequately inspected.

Cope said that the inspectorate would duplicate the work of the State Services



Factory workers... will they lose out?

Commission's accommodation board, which sets standards for physical working conditions.

The board responds to any individual requests but PSA representatives point to examples where the "reactive" role of the board has been slow and led to strikes before any action has been taken.

Some of the additional safety requirements the CSU wants included in the bill are clear labelling of chemicals, definition on "harmful radiation", guidelines on temperature and increases in airspace for each worker.

Requirements that the employers want removed are

that workers be provided with seating. Poole pointed out that chaira clogging up factory walkways present a considerable fire hazard.

He is concerned with the bill's provisions for health and safety committees. "If these are used to wrest control from the employer it could have far-reaching effects, implications which have not been solved after several debates at the ILO."

Cope said some of the committees, which would be representative of workers and management, and would be set up by the department, are good and "some are bad."

"If an industry has a bad safety record then we'll implement them, but it is difficult to lay down regulations for any one industry, let alone a whole variety," he said.

The unions, which welcomed

the introduction of the committees, still feel they have their hands tied by the department's role in setting them up.

The Employers Federation, in its submissions warns that the former for the committees "is wide open, lacking guidelines and so creating considerable executive powers without controls over those powers".

The unions label it a "return to sweated labour"; the Employers Federation say in submissions "in some respects we are still considering a patchwork, backward-looking bill when it would have been better to have developed an adequate philosophy on health and welfare and written more positive legislation around that".

Maybe next year will prove third-time lucky for the labour and education select committee.

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Engineers fear they won't get their share

by Allan Parker

EVIDENCE that the heavy engineering industry still faces a hard battle to secure contracts for the major project developments has been sent to project developers, Government departments and Cabinet Ministers.

The evidence, accumulated by the Heavy Engineering Research Association (HERA), shows that work tonnages to be completed by the end of this year will be less than 37 per cent of the total estimated just 18 months ago.

At that time, a Liquid Fuels Trust Board study into construction manpower demands in New Zealand estimated that the heavy engineering industry would have undertaken about 18,500 tonnes of work associated with the major project developments.

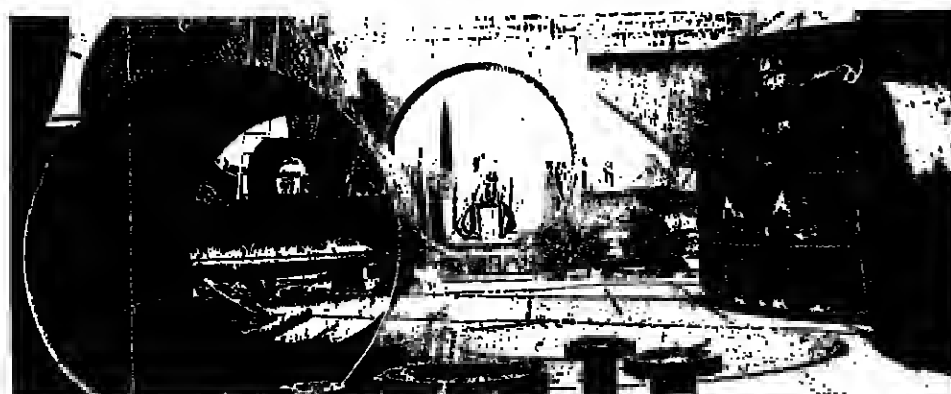
But, HERA marketing research manager David Beard notes in a new report, "it is now estimated that less than 7000 tonnes will have been fabricated by that time."

A continuing concern for the heavy engineers is the "significant" slippages which have already occurred on many of the projects.

The industry, battered by a depressed economy in recent years, has experienced its lowest level of activity for some 16 years during the past 12 months.

Work from the proposed major projects is desperately needed by many companies, which also fear the slippages will compress the procurement period between contract and site construction.

"However, of the expected demand arising from major projects in the 1981-86 period only 20 per cent can be considered as being definite at this stage, the balance coming from



projects for which no investment decision has been made," says Beard in the new report.

The report, *The Major Projects and Heavy Engineering Demand and Capacity 1981-86*, is the result of an industry-wide study which aimed to detail the likely impact and size of the projects as well as determine current and likely future capacity.

"During the 1980/81 year the industry is estimated to have consumed about 70,000 tonnes of steel (in HB categories), had a turnover of about \$220 million and employed a total of about 5600 people. Capacity for the same year is estimated at about 7.2 million manhours.

"These figures represent effectively no change in real terms from the previous year." The industry expects to be able to increase its capacity by about 50 per cent by 1983/84.

But Beard has issued a clear warning against over-optimism within the industry: "There is a good deal of uncertainty as to whether or not this capacity will be required."

HERA has examined a number of demand scenarios in an attempt to assess the likely impact of project deferment/cancellation or project slippage.

"The results of this examination strongly demonstrate the

dangers inherent in planning on the basis that all major projects will proceed and that they will also proceed on schedule.

"Future planning by both clients of the industry and industry members alike must recognise these factors," says Beard.

For instance, cancellation of either of the two base metal

projects — the Aramoana smelter and NZ Steel expansion — would have a "substantial" effect on the industry.

But if both were to be cancelled there would be "a major and ongoing impact" as they represent about 70 per cent of the total demand for the "no investment decision" group of projects and 25 to 30

per cent of the total major project demand for the next six years.

Beard considers the historical development of the industry — a wide range of relatively low-volume products — has placed it in a good position to take on a range of major project work because it has developed a general, rather than specialised, capability.

"However, the industry does recognise that it has some limitations in meeting the above criteria and it would be completely unrealistic for it to expect to undertake all heavy engineering work in New Zealand.

The HERA survey asked the industry to assess its own future capacity expectations. The conclusions: "The industry... sees itself as being able to react quickly to demands placed on it and ...

could achieve an increase of about 30 per cent over the 12-month period ending March 1982, compared with the previous year. These estimates are consistent with the industry's assessment of manpower requirements.

"It should be noted, however, that not all of this increased manpower requirements would be met by additional recruitment. Usually all firms saw a degree of overtime working as being essential, with levels of 20 per cent being quoted in some cases.

"It could be reasonably expected therefore that a significant proportion of the projected increase (say 10 per cent) could be achieved through increased overtime working.

"Beyond the year 22 March 1982, the increase more modest."

August 10, 1981

Foundry major beneficiary of energy projects

by Ann Taylor

ANDERSONS Engineering, of Christchurch, is one of the biggest beneficiaries of the Government's energy developments.

The company won the \$7.7 million contract to build the third potline at Comsco's Tiwai smelter in January. Since then it has employed 50 people, who had been in the dole queues, for training as welders.

The scheme, conceived in co-operation with the Labour Department, will employ the 50, primarily young men, for the next year or more. At the end of that time they will be welders with a formal qualification.

"They are being trained at the local technical institute and by the Engineering Industry Training Board and qualified people already on Andersons' staff.

They are building the cathode shell assemblies for the 206 pots and cradles on the new potline.

General manager Terry Arthurs is expecting there to be a "lot more work around" and foresees further employment opportunities "if not with us, then in the district."

Andersons, originally a family firm established in 1850, was bought by Ceramco four years ago from the Mason group of companies. Andersons operates independently under a flexible style of management. "Ceramco's executive director comes down once a month," said Arthurs, who describes Ceramco as an "invigorating" group to work for which "gets stuck in and does the job."

For the past 30 years Andersons has specialised in boiler manufacture and heavy engineering fabrications. Its

Woolston site comprises two fabrication, one foundry and a machining and fitting shop for manufacture of contracts which it has the capacity to span from design to installation.

The strength of the company, which exports to Australia, Indonesia, Fiji and Papua New Guinea, continues to be "the people who work here," said Arthurs. The 320 employees are "the biggest resource, and we've tried to keep them together and expand slowly." The company is recruiting all the time and has not laid anyone off. Currently it has the highest number of staff it's had in five years.

"Union problems haven't spread to the South Island," said Arthurs, who advises: "When you pay attention to a problem you cease to have one. You have an industrial problem when you forget you have one."

The company's 15 month lead-time for the contract got off to a "messy" start caused by long lead times on delivery of the 7000 tonnes of steel for the potline. Three thousand tonnes was on the Pacific Charger which spent more than a fortnight aground on the heads of Wellington Harbour.

Nine to 12 months is a reasonable expectation for delivery of hardware and specialist materials from Europe — and internal freight charges have added \$2.25 million to the bill.

The company's "comfortable order book" includes contracts for the ammonia urea plant and it has tendered for part of the Whangarei refinery expansion. But Arthurs points to the problems which might result from the "boom and bust" syndrome ensuing from the enthusiasm which greets the big contracts.

"There are still a lot of industries living out the last days

of the 1972 boom. They grew like it was going out of fashion and didn't recognise when things got bad.

"We've spent a lot of time developing our base and sell competitively on the basis that we manufacture well," he said, confident that good contracts will come up in the next year, although "you've got to get out there and get them."

"You don't do it by price-cutting," he says, lamenting that "we lose a few."

Ceramco has little contact at ministerial level. Andersons has had seven contacts with Ministers this year, "all but one at their request."

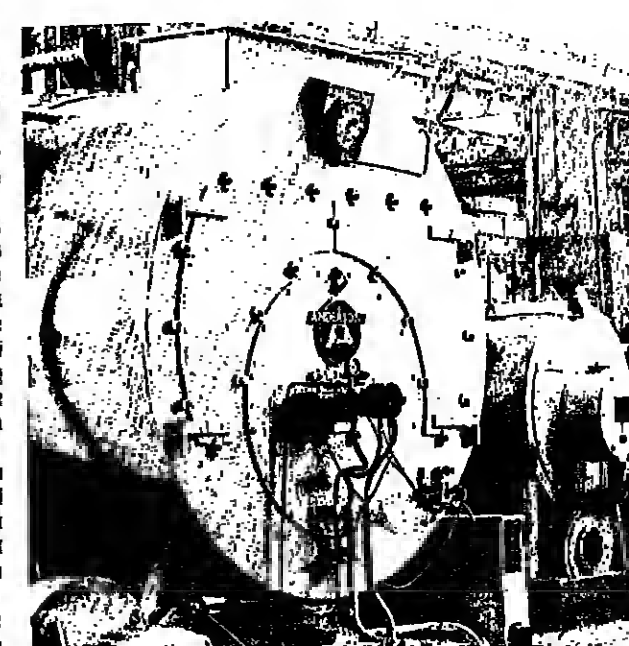
"Our prime concern is with our customers... we keep up with changing needs... and don't suffer competition, just competitors in the same business," said Arthurs.

His personal changes have followed a winding road through the navy, running a pub and acting as an agent for Hawker Siddeley.

In Ceramco's 1980 annual report Andersons is described as "frustrated to a large degree because margins on contracts accepted in past years did not allow for the effects of inflation on overheads. Also, a considerable amount of the works capacity had to be directed at the company's own cost to refurbishing LDC tanks to meet rescheduled welding standards."

But the 1981 report paints a brighter picture for Andersons, "with a number of tenders... submitted in connection with engineering work — boiler, pressure vessels and heat exchangers — for other major contractors."

But the report echoes Arthurs' caution, that the foundry is still "dependent on our ability to retain a sound base load for the foundry."



Andersons handiwork... welding a bonanza

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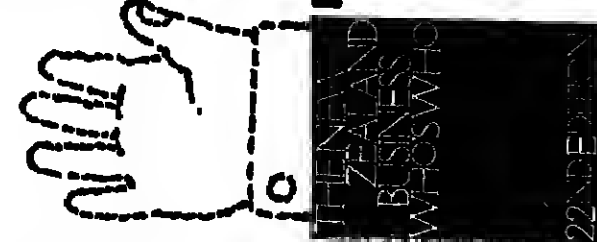
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Resource development

Projects at a glance

THE growth strategy — set of last week's National Party conference — as it is planned to develop between now and 1990, and how it will affect the heavy engineering industry.

In the "positive investment decision" column "V" indicates decisions already made; "N" projects still awaiting the go-ahead.

Under likely New Zealand heavy engineering industry content, "low" indicates an involvement representing less than 10 per cent of capital cost, "medium" 10 to 15 per cent and "high" an involvement over 15 per cent.

A dash indicates that no attempt has been made by the Heavy Engineering Research Association — which prepared the table — to quantify the local industry's input.

Activity	Project	Construction Timing	Capital Cost (\$1980 prices)	Positive investment decision	Heavy Engineering Content
Petrochemical	Maridun Refinery Expansion	1981-84	500	V	Low
	Chemical Refinery	1981-83	100	V	Medium
	Synthetic Petrochemical	1981-85	750	V	Low
	Ammonia Urea	1980-82	15	V	Low
	Urea Distribution	1981-81	10	V	High
Base Metal	Silicon Extraction/Use	1981-84	250	V	Low
	NZAS 1st Pulling	1981-87	140	V	High
	2nd Aluminium Smelter	1981-87	500	V	High
	W Steel Expansion	1981-86	600	V	High
	Silicon Carbide (Veracarb)	1981-85	10	V	Low
Forestry	Curro Silicon-Southern	1981-85	120	V	Low
	Pulp Mill - Nelson	1981-83	100	V	Low
	4th Newsprint - Kaitake	1981-85	200	V	Low
	Pulp/Paper - Maridun	1981-86	150	V	Medium
	Pulp/Paper - Northland	1981-87	100	V	Low
Power Development	Whirinaki TMD Conversion	1981-81	500	V	Low
	Whirinaki Newsprint	1981-81	500	V	Low
	Pulp Mill - Otago	1981-85	30	V	Low
	Ukaki Geothermal	1982-87	150	V	Medium
	Ngahine Geothermal	1982-87	150	V	Medium
Cement	W.L. Thermal	1981-85	500	V	Low
	Maridun Local Conversion	1981-86	500	V	Low
	Clyde Hydro	1981-87	500	V	Low
	Luggate Hydro	1981-87	500	V	Low
	Queensbury Hydro	1981-87	500	V	Low
Other	Gibbsbury Hydro	1982-83	500	V	Low
	Portland Cement Conversion	1980-82	35	V	Low
	Cement Works - Otago	1981-84	105	V	Low
	NZ Main Trunk Electrification	1982-87	100	V	Low
	Port Development - Maridun	1981-87	50	V	Low
	Port Development - New Plymouth	1982-85	50	V	Low

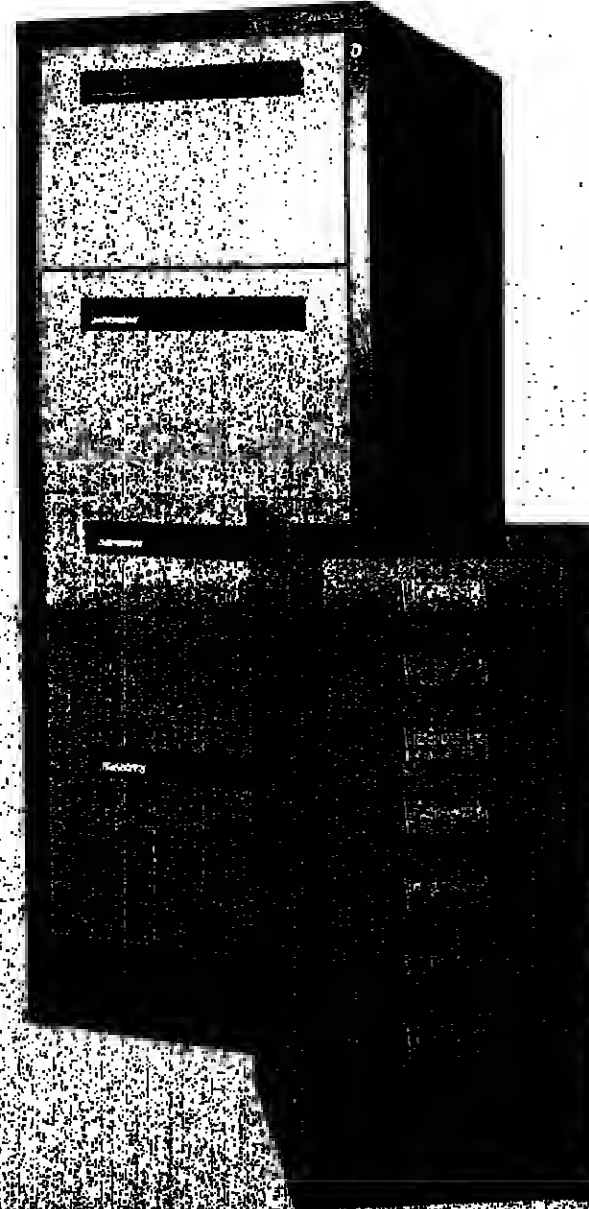
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Manufacturing

Idea taken to America

by Ann Taylor

WHEN faith in smaller, high-value manufacturing is still in vogue a baby boom is being born in New Zealand.

Inventor Paul Martin's company, Datamedical, "until years ago to get the technology recognised so that we can establish a manufacturing base here". But after rejection by local medical authorities Martin was obliged to look abroad for customers and markets.

And now, "just to make work a little faster," Martin has set up a consultancy with Healthdyne Corporation in Atlanta, Georgia, for at least two years. He will help in the development and modification of the American firm's production to between 200 and 300 units next year. Project sales, based only on a survey of the market, will increase production by year.

Royalties will continue to flow here — to the tune of \$10 million over the next five years — and Martin's agreement with Healthdyne also secures finance for continued research and development.

Two engineers at Datamedical will continue working on a micro-computer monitor for the machine which Martin said might be made here.

Martin thinks his presence will enable the local firm to expand, "with a lot more modern equipment that I will be able to push this way and get more work for other New Zealand companies."

Contron International will be marketing the incubator, a product which "we couldn't do here. If we had, it would have died. If we had, it would have died nine months ago," said Martin, who launched the firm in 1975. "The \$35 million worth that we should have been exporting over the next five years."

ELECTION WATCH '81
Update: Pages 39-40

The office of the future

DATA PROCESSING

A word for those about to automate the office . . .

AUTOMATION of office functions is clearly an immense task for any organisation and a road along which local companies have so far taken only basic steps.

The prospect is an exciting one, but one embracing major changes, not only in the methods of administering office work, but in the entire "social" structure of the workplace.

Terminals and distributed processing have already begun to break down the organisational "wall" between the office and the "data processing" department. The full integration of office and "DP" functions promised or even theoretically deliverable now will complete the removal of the barrier.

New questions of division of responsibilities will be raised. Who takes charge of the integrated information processing activity: the supervisors and managers of the office functions which used to operate manually, or the DP manager, in some organisations already resented as a little in god with jargon-speaking acolytes?

The answer, in the short term at least, would seem to be some uneasy demarcation. The data processing manager will continue to run those parts of the operation which need the special knowledge of electronic hardware or the skills of programming.

The day-to-day pushing of the work through the integrated information system will increasingly fall to the clerical staff.

The DP department, which has always served the uncomfortable dual role of developer and day-to-day operator of information systems, will fall back increasingly into a purely developmental role: contact with day-to-day operations will be purely supervisory; monitoring the work passing through the system and scarcely needing to interfere.

Why then the "uneasiness" of the demarcation? Because it won't be long before something goes disastrously wrong with our integrated information system and fingers will start to point.

Not a new problem, of course; the fingers of blame have always pointed from one department to another in paper-based systems. But with closer electronic integration comes a closer awareness of the system as an entity, part of which "belongs" to the people in the office.

It no longer becomes a question of "you didn't fulfill your part of the operation", but "you messed up our information system."

On a less psychological level the electronic links may actually make blame more difficult to apportion. With people passing the information around, it is fairly easy to see whose department it was in when the foul-up occurred.

It is more difficult to see whose hands the invisible electronic information was in when "its integrity was compromised" (when someone fouled it up). The wrong people are

blamed, resentment is created and the smoothly functioning system begins to grind its gears.

A more serious conflict could come about with the decision on acquisition of new equipment. An office manager who has always governed the choice of typewriter is not likely to react kindly when told by the "information systems manager" — previously the DP manager — that the word processing equipment he wants is not compatible with the central computer.

The problem of contention will probably end up being sorted out from above — more responsibility for higher management, or perhaps an introduction of a whole new stratum with overall responsibility for information planning.

Some reorganisation is inevitable, and it is obviously better done before the disputes arise than after. A good many organisations, their attention fixed by the bright new equipment and its constructive potential, could neglect this crucial step.

An electronic information "skeleton" in the organisation does more to organisational structure than merely demanding new responsibilities or new management positions.

The new visibility of the information links leads to a perception of the organisation as an information network, rather than a hierarchical structure.

"The question 'who passes information to whom' suddenly becomes as important as 'who supervises whom'." In fortunate cases, the two structures may meld successfully; but for the majority there is the spectre of yet more conflict.

Then there is the question of the nature of communications when electronic links begin to replace person-to-person information transfer. Norwegian industrial relations expert Kristen Nygaard gives a striking example of a telephone conversation between a shop clerk and a warehouseman, where the placing of an order is embellished with personal conversation.

Over the terminal link, with its defined protocols and data formats, there is room merely to place the order, not to ask "how is your injured arm?" or "how did the boating go last weekend?"

Noel Cheer's warnings about word processing (see Page 36) should be heeded for the whole of the automated office; human considerations come first; selection of equipment should be almost the last step.

What equipment, then, are the suppliers offering us? What is the potential, at least, for the automated, integrated office?

The foundation is well laid, with many local companies already well down the word-processing track, or at least planning to go that way.

Beyond this, one logical step is to records processing; the maintenance of simple files related to document production tasks on the office machine rather than the main "computer".

Word-processing may be combined with data entry to the computer, in such a way that the operators may be unaware of one or the other task. A letter may be generated as an incidental automatic consequence of entering information on to the files or vice-versa.

In this week's Data Processing Stephen Bell gives an overview of some of the considerations to be taken into account in speeding the tentacles of electronic information from the computer room into the office. Specifically, he looks at planning for word processing — the inevitable first step into the office automation jungle. Next week, he will be looking in more detail of some of the ideas emerging from the "office of the future" merchants.

Alongside the word processing/data processing connection, the prospect of interconnection of familiar items of office equipment is being dangled before us. The word processor will be able to command the copying machine directly to produce several copies of the document being generated.

Paper documents coming into the office will be read by an optical-character-recognition device, and the information piped in digital form straight into the integrated system.

Document facsimile, an old

but surprisingly little-used facility, will assume its place, with diagrams as well as words being passed around the network digitally.

All will be linked by high-speed simple co-axial cables on a "local area network", which allows "resources" — word processing devices, storage, electrostatic printers/copiers — to be placed where they are most needed and simply undipped, shilled and reconnected in a different location as needs change.

The latest local area network system to emerge, from Wang,

is directed at passing video signals alongside conventional digital information; a potential for "teleconferencing" or an interface with private or public videotex? It is no wonder that commentators feel tempted into flights of fancy, merely on the basis of equipment currently available in the United States.

But the reality will — and must — be bounded by human considerations. The automated office will arrive here only as quickly as we are prepared to accept it.

Speed of acceptance will be driven from one end by the DP people, proverbially keen to exploit the latest technology — usually because it brings up the road has the latest and is pirating our staff.

Any vendor who dares to offer the last generation of hardware to the newly aware DP people of this country is quick-

ly accused of "dumping". At the other extreme, we have the reputedly "laid-back", slow and steady style of New Zealand management — a management based on personal contact rather than super-fast electronic message-passing.

The two streams have until now proceeded substantially independently; many managers have left the DP department to its own devices — they just don't understand all that jargon.

Now that "wall" between DP and management, between DP and the office, is breaking down. Can the lights of the technology enthusiasts be successfully contained by the advocates of moderation; or will we have information system disasters on our hands — the consequence of moving too far, too fast, and with too little planning?



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The office of the future

First step, word-processing — but don't stumble

FOR most organisations the entry-point to "office automation" will be (or, already has been) by way of word-processing. Though this appears only a first step into a complex world, it is itself not something to be handled lightly, warns Noel Cheer, of IBM's office products division.

"Word processing" is not introduced simply by buying in a "word processor", a term which Cheer refuses to use. "There are text processing machines, and you can do word processing with or without them."

Word processing handled properly is a complex synergy of people, procedures and equipment, and something which has the potential to impact the whole information flow of a department or a whole organisation. Its introduction must be managed carefully and

managed from the top, he stresses.

If management commitment to a proper plan is not there, "you might as well go on using electric typewriters." If you've got chaos in your document production and management, unplanned introduction of word processing "will just give you speeded-up chaos."

First step in any planning procedure is to define the goals. What do you want of word processing? The goal may be to improve service to the authors of documents, to improve the appearance of your documents, to contain costs, or to take that first step on the road to the automated office. Or your organisation may decide on a different goal. But the goal must be established from the beginning.

"When I was at school," said Cheer, "I used to puzzle over

those books of mazes where you find your way to the centre with a pencil. Then someone told me the secret: you start from the centre and work your way out."

Whatever goals are decided on, they should be kept "few and tight", he emphasises, with one basic goal taking priority.

Setting of goals leads naturally on to strategy for implementation, with its more detailed questions. What level of service do we want to provide? How should the workflows proceed? Preambly work for the word processing department(s) will be queued in some way.

In what circumstances should someone have the right to "jump the queue"? Such strategies should be set long before the organisation even starts looking at equipment.

Potential workloads must be carefully judged and contin-

uously monitored once the system is implemented. More efficient procedures always seem to generate more work to be handled. If expansion is not anticipated, the extra load falls on the operators. They could become disgruntled, and develop an adversary attitude to the whole word-processing concept.

Conversely, if one of the goals is to save time, then there must be clear plans for making use of that time.

Consultation with the people actually operating the word processing function is crucial, as some firms have learned the hard way. Staff must be kept informed of plans "before the rumour-mill starts," and the impact on their career aspirations and the relevance of their individual aptitudes should be carefully examined.

The effects of relocation on

the operators and the increasingly sensitive ergonomic questions also have to be considered. The people charged with the word-processing decision "have to juggle all these balls at once," says Cheer; hardly the easy task it may have seemed at first.

Location raises a question as relevant to word processing as it is becoming in the computing world (NBR, August 3). Do we distribute our resource, with separate word processing operations for each department, or seek the economies of centralisation?

Distribution, Cheer points out, has its clear advantages. Operators will become used to the jargon and the practices of a particular department. The centralised organisation carries something of a typing-pool, "battery-hen" image, but this is not to say it might not be appropriate for some companies.

The equipment supplied for word-processing is already becoming more amenable in distribution, with a separate small processor in each workstation. In hardware terms, this will definitely be the shape of the future, Cheer maintains. He expresses dismay that some otherwise well respected word-processing "consultants" are still sold on the idea of a completely centralised "shared logic" system.

Distributed logic does not imply distribution of workstations; it simply relieves congestion of the system when word-processing applications become more complex, he points out.

Equipment selection, the last of the strategy decisions, carries problems of its own. What hardware features do we need to have to implement our desired strategy? With growth of our workload, what potential is there for add-on to the existing system, or will we find ourselves with obsolete equipment and the cost of a whole new range?

In selecting features of the equipment, as well as features of the desired service, it is important, as Cheer puts it, to distinguish the "need-to-haves" from the "nice-to-haves"; to trim down the adventurous flights of fancy, with a constant eye on the pre-defined goals.

Implementation of the system and the introduction of hardware and surrounding workflow and procedural changes should be set out on a

timetable beforehand; room should be left for the unexpected, but the timetable should be adhered to as rigidly as possible.

Once the system is in place, its performance should be monitored and periodically reviewed against those expected goals. And not just for the first few weeks; it's very tempting to say "we've achieved the goals; it's working satisfactorily" and forget about monitoring.

The word-processing function must have constant management attention, and this must extend all the way to top management. The superior of word-processing should establish a daily report on what went on, what went out and any snags or complaints. The supervisor might then report weekly to the office manager, who would report monthly to top management, Cheer suggests.

Throughout, the results of the monitoring should be fed back to the goals and as modification of those goals which might be needed; "it's the classic management loop."

As part of the goal definition, a "target corridor" should be established, with maximum and minimum limits to productivity, savings, whatever it is, you're trying to measure. When results start straying out of the corridor, corrective management action can be taken calmly before a panic situation develops.

What have proved the significant local pitfalls in Cheer's experience? Have people tried to take too big a "bite" at office automation at once?

He thinks not. "The trouble has been not so much in one commitment as in under-supply of resources for the commitment made." The most significant "resources" in this context are management attention and people-power, with money a minor consideration.

On the level of commitment, New Zealand management tended to err on the side of caution.

"The size of the initial automated office 'bite' very much depends on individual characteristics, but in general, Cheer advises a little at a time. "Word-processing is what most people will eat their teeth on. But there's no point standing there if you haven't at least got electric typewriters. Get those first."

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Computer industry

How high growth policy damaged ICL

by Stephen Belt

ICL international manager John Lindeck is obviously used to being asked about the problems of the British computer company. He has clearly thought it through, and has a prepared monologue on all aspects of the subject.

Once he gets into his flow, it's difficult to divert him with further questions: "We'll come to that aspect in a minute, but in order to understand that, we should first look at..."

But he provides an interesting perspective on how a successful company landed itself with such huge losses. An inside view, but one able to stand off to a certain extent from head office and specifically British problems.

It is easy to blame the British economic recession for ICL's troubles, said Lindeck, but "we'd be kidding if we thought we'd made an wrong management decisions."

One of the most damaging had been the company's policy to aim consistently for high growth (about 20 per cent a year). Then the recession hit — "and it hit the IT companies very quickly, we were unable to turn the tap off quickly enough... we had got into the habit of setting inflexible targets" in production and sales.

On the financial side, the company had been "mismanaged in one crucial sense". It had been set up with 33 million

pounds in share capital. This had never been expanded in its 13-year existence.

The ratio of loans to shareholder funds had become high, saddling the company with large interest payments.

"We should have had a right issue when we were at the height of our success," Lindeck reflected.

Pre-1980 growth of ICL sales and profits had fuelled public expectation to the point where inevitable disappointment set in after the 1980 results.

"But how did we do in 1980? Did we make a thumping great loss? No, we made 25 million pounds profit."

In spite of warnings that the 1980 figures would not continue the upward curve, the public, and particularly the media, had set expectations high. The *Daily Express* had predicted a profit of 55 million pounds, "and the evening fuss did us tremendous harm".

In part, therefore, the latest half-year's slide into a 70 million pound loss had been a self-fulfilling prophecy, Lindeck maintained.

At the same time, the whole IT industry was struggling in the wake of the IBM 4340 announcement, offering a new improvement in computer performance. In anticipation of more to come with the promised "IT" series, there was a tremendous swing from direct purchase of machines to lease and rental.

This inevitably left the rival manufacturers with a large inventory of returned equipment; "assets" of little use, which simply had to be written off as quickly as possible.

Under these loads, he admitted, "the structure starts to crumble. People are less willing to lend you money."

ICL's situation, he pointed out, was by no means unique. Burroughs suffered a drastic drop in profit last year, NCR profits also dipped, while IBM was only able to maintain growth by taking on a massive loan.

Any predictions for ICL's profit or loss figures next year? "The previous board was predicting that we would break even," he said.

"The new board is making no predictions, and I don't consider it my place to comment."

The impact of profit figures

on the company's viability had been overstated, Lindeck maintained.

"Companies don't go broke because they don't make profits; they go broke because they run out of money."

And ICL, he insisted, had not already eaten substantially into its 300 million pound Government-backed loan, as some sources alleged. The company owed a total of 189 million pounds, he admitted, but this was made up of a variety of debts, including 70 million pounds-worth of Government loans which had preceded the present loan.

Out of the latter, only 15 million pounds had been spent and ICL expected to get through 70 million pounds of its 27 million pound total Government loan by September. "That leaves us a 200 million pound cushion."

ICL could hardly be accused of leaning on the government any more than any other computer company, said Lindeck.

The US Government dealt out a lot of development contracts to US hardware manufacturers; the French and Germans insisted that government departments purchased local equipment; the Japanese Government subsidised its own industry with long-term loans at 1 per cent interest rate.

There is no government nowadays which is not dependent on computing power in the day-to-day running of the country's affairs, Lindeck pointed out, and a home-based computer industry obviously lent a country strength and independence.

Significantly, Lindeck's assessment of ICL's strengths concentrated on its advanced

technology and bright people. Critics, meanwhile, point out that the crucial weakness of the company is on the marketing side.

Lindeck acknowledged this, again as one of the consequences of forced growth. "When we were growing quickly, we built up an elaborate divisional group and corporate (marketing) structure," he said. "We created a bureaucracy." Now that bureaucracy was beginning to be broken down into a structure which would function more efficiently.

"The international division came the nearest to expectations of any of the company's divisions."

"I would push overseas," said Lindeck, "if I could be guaranteed that the sterling-exchange rate would drop."

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DATA PROCESSING

Computer industry

Sirius — a dog-eat-dog problem for the Star?

THE prevailing conviction of computer people that they are worth more on the free market than working for an employer has led to friction between New Zealand News and five of its DP staff, who have now left the company.

NZN systems development manager James Cater and four of his co-workers formed their own company, Sirius Systems, and last month offered to sell their services to the Auckland Star publisher as a consultancy.

"We decided that our future would be financially more rewarding by ourselves," Cater told NBR. "At the same time, we didn't want to disrupt their programme of developments."

New Zealand News recently converted from ICL to Digital Equipment hardware, and is consequently involved in major development work.

On being approached by Sirius, NZN interviewed each of the five separately, said Cater. The following week, he was given notice "and the others were asked to sign a document saying they would not do outside work." They refused to make such an undertaking and resigned.

"We felt we could offer them a better service as an independent consultancy, but they didn't give us time to tell them the details [of the proposed arrangement]."

Cater did not agree that there would have been any conflict of interest between his work for NZN News and for other clients, nor would the publisher have received less attention under the new arrangement.

If the principals had felt the pressure of outside work, they had access to other consultants who could help maintain an undiminished level of service to NZN News.

Sirius would continue in business and was by no means dependent on the NZN News work for its viability, he told NBR. The company already had other consultancy contracts

and had circulated a brochure describing its services.

"I would like to emphasise that the door is still open to NZN News to use our services," Cater added.

But New Zealand News is obviously none too keen "If we are going to use a software house, we'd prefer to use an established company; someone with a reputation to uphold," said company secretary Ray Newman. It was important, before using external services to be able to check with previous satisfied clients, he said.

The disadvantage of Sirius's newness, he felt, outweighed any advantage the personnel had through their intimate knowledge of the NZN system.

The potential conflict of interest was a very real one, said Newman. "These people were engaged on a salary; we expect

them to devote their full attention to our work."

Cater had been chosen to dismiss because "he was in an executive position."

The others had, he agreed, been asked to sign "new terms of engagement," which included a "no-outside-work" stipulation and undertakings of confidentiality. This, he said, was a contract of employment of the type becoming common overseas.

Obviously the loss of 50 per cent of its DP staff had seriously affected the company's operations, and it would "take some time to catch up."

NZN had already made itself of alternative resources: continue development. It company would be retrained to replace some of the lost people, but would not necessarily to the same extent as house staff, said Newman.

Dialling electronic 'directory service'

ALONGSIDE its videotex plans, the French Government's expensive punt at introducing the public to electronic information retrieval will concentrate on telephone directory inquiries.

Readers may have missed the significance of the terminal pictured in last week's article,

which concentrated on French videotex plans.

The compact device, with a keyboard designed to fold up over the screen when not in use, will be supplied initially to 300,000 homes in the Ile-de-France district, and ultimately to the whole of France, to

supercede manual directory inquiries.

By the end of next year, the telephone directory terminals will be provided to every French household free of charge.

The terminal pictured was manufactured by CIT Alcatel.

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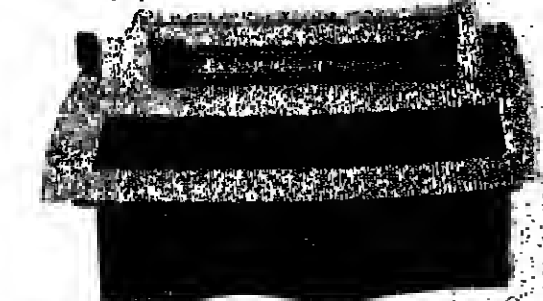
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The polls

Three's a crowd when it comes to old loyalties

by Colin James

OLD voting patterns have not been holding good during 1981. The intrusion of Social Credit as a major force in a three-party division seems to have dislocated voting habits.

That is suggested by findings in the Heylen-Television New Zealand poll for the period February to July, this year.

The results are set out in the table. It shows a conventional pattern among "loyal" voters (those saying they will vote for the same party they voted for in 1978), but a different pattern among "gains" to those parties from other parties, non-voting or among new voters.

The table breaks down Heylen findings by "socioeconomic level" — level I being the richest, most highly educated, most "professional" by occupation and level VI being the least well-off, least educated, least skilled. The index also takes into account the type of household.

National did better than average among level I to III "loyal" voters and worse than average among levels IV to VI. Labour was exactly the converse.

Social Credit was in the middle. It did worse than average in the two highest and two lowest levels and better than average in levels III and IV.

But among "gains" the picture was much less clear. Note that the inclusion of young voters, who tend to be less well-off and less well established in occupations, means that more "loyals" were found in lower levels and fewer in higher levels than was the case with "loyals".

Even so, National's gains were below average in level I and Labour's above average. And in level V, heartland of Labour territory, the position was reversed.

Closer to expectations, National's gains in levels II and III were above average. But, unlike the position among "loyals", its gains in level IV were close to average, indicating that it has been pushing Labour back at the frontier between the two parties.

National's gains in level VI were also closer to average than its "loyal" representation at that level.

Labour's gains were correspondingly less clear-cut above-average in the lower levels than its "loyal" representation would lead one to expect.

EXCEPTION has been taken to the description in last week's Election Watch articles of National's Auckland Central candidate, Dorice Reid, as a "token Cook Islander".

Reid herself at the National Party conference noted that she had been through a selection meeting. The National Maori MP for Hauraki, Winston Peters, put down a notice of motion in Parliament on Tuesday deploring what he felt was an "insulting and racist" comment.

The fact that Reid went through a selection would not necessarily invalidate a comment that National had seemed to tolerate. It is notable that of its 11 women candidates, only two have better than outside chances of election and both its Pacific Island candidates are in safe Labour seats.

Nevertheless, our use of the word "token" may have reflected on Reid rather than, as Election Watch intended, the party.

Ralph Maxwell, Labour candidate for Auckland, says his comment that Social Credit voters should return to their rightful place with Labour should refer to those voters concerned with economic reform.

Election Watch's notes of a conversation with Maxwell on which his report was based show Maxwell did not make the qualification clear at the time.

And this was reflected in Social Credit's gains. Throughout the year Social Credit has continued to take more from Labour than from National, according to Heylen.

Social Credit's gains were above-average in both levels V and VI. But, unlike the "middle-of-the-road" distribution of its "loyal" supporters, its gains were below average in level IV.

Thus it appears that in 1981 so far the makeup of National

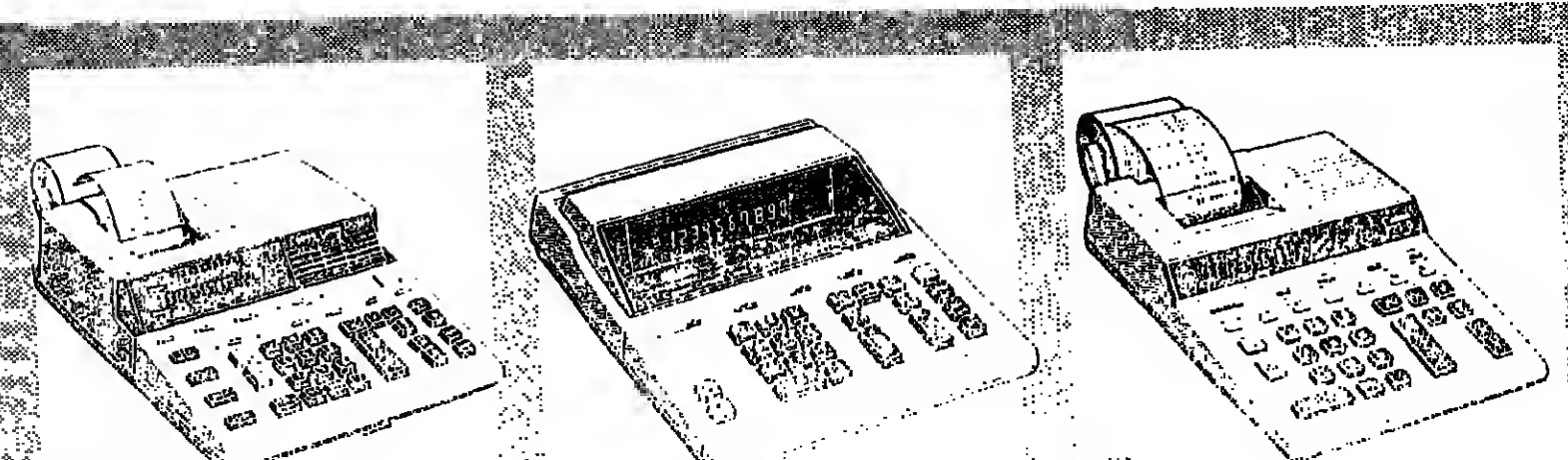
voters has been shifting downwards, forcing a Labour retreat among its traditional voters (but a slight gain at the top), and Social Credit support has been widening across the spectrum — though more at the expense of Labour's heartland than National's.

The message for Labour is that it should principally be aiming at shoring up its traditional support, to pull back gains made by the other two parties.

VOTING IN HEYLEN POLL FEBRUARY-JULY, 1981 BY SOCIOECONOMIC LEVEL (percentages)

Level	Total N/L/S (10124)	Loyal to:			Gains to:			Others (1878)	Pull total (12000)
		Nat	Lab	SC	Nat	Lab	SC		
I	6.2	13.831	9.6	3.3	6.7	4.6	8.9	5.4	6.1
II	10.8	16.0	7.4	9.2	11.7	9.6	5.7	8.8	10.1
III	21.8	27.8	16.8	27.0	23.1	20.7	17.2	13.4	21.0
IV	30.4	27.0	32.5	31.4	20.7	32.8	33.2	30.7	30.1
V	20.3	14.4	27.0	19.7	20.0	21.6	19.6	21.0	20.9
VI	10.8	5.3	14.0	7.0	8.9	11.1	17.6	14.7	17.7

"Others" includes those supporting other parties, undecided, proposing not to vote or refusing to say how they will vote.



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